

FLENDER GROUP CODE OF CONDUCT

For Suppliers and Third-Party Intermediaries ¹

This Code of Conduct defines the principles and requirements for suppliers and business partners with an intermediary role of Flender Group companies (hereafter referred to as “Flender”) with regard to their responsibility for people and the environment. It is based on international agreements and standards, such as the United Nations Ten Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO’s labor and social standards, the United Nations Convention against Corruption, the international standard for social responsibility SA8000, and the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichten-gesetz), to which Flender is committed. The supplier or third-party intermediary hereby agrees:

COMPLIANCE WITH LAWS

To follow all laws and regulations of the relevant legal systems.

HUMAN RIGHTS AND LABOR PRACTICES

To ensure that all internationally proclaimed human rights are observed by preventing the causation of and participation in human rights violations. Increased attention will be paid to observing the human rights of particularly vulnerable rights holders or groups of rights holders, such as women, children, migrant workers, or indigenous communities.

Prohibition against forced labor

- Neither use nor contribute to any form of slavery, servitude, forced or compulsory labor or human trafficking.

Prohibition against child labor

- To not employ any workers who cannot prove to be of an age at which they are exempt from compulsory education under the laws of the respective place of employment, but in any case not under the age of 15.
- The minimum age may be lowered to 14 in developing countries that qualify for exemption under ILO Convention No. 138.

- Young employees under the age of 18 may not be given jobs that are damaging to the health, safety, or morals of children. All applicable special provisions for the protection of young employees under the age of 18 must be complied with.
- Where the laws of the respective place of employment with regard to child labor impose stricter provisions, these stricter provisions take precedence.

Non-discrimination and respect for employees

- To promote equal opportunities for and the equal treatment of their employees, regardless of the latter’s skin color, ancestry, nationality, ethnicity, political affiliation, social background, disability, health status, pregnancy, sexual identity and orientation, religious conviction, sex, and age.
- To not tolerate the inappropriate treatment of employees, such as mental duress, sexual harassment, or discrimination including all gestures, speech, and physical contact that are harassing, coercive, threatening, abusive, or exploitative.

Freedom of association and freedom of assembly

- To recognize the right of employees to form and join unions or labor organizations and to participate in collective bargaining.
- To neither give preference to nor discriminate against members in labor organizations or unions.

¹ Third parties with an intermediary role includes both distribution-related intermediaries, e.g. third parties that distribute, but do not buy and sell Flender goods or services to other parties for a fee or other financial benefit, as well as non-distribution-related intermediaries who cause third parties to make decisions and take actions that benefit Flender and receive a fee or other financial benefit from Flender for this function.

Working hours, remuneration, and additional benefits for employees

- To pay remuneration that at least complies with the applicable laws (especially with regard to the applicable minimum wage) and the customary minimum standards of the industry in question, whichever is higher. If the applicable laws do not stipulate any legal requirements for a minimum wage, the remuneration shall be determined to satisfy the basic needs laid out in the ILO Convention on the Fixing of Minimum Wages (ILO Convention No. 131).
- To pay an adequate remuneration, to provide the statutory social benefits, and to not use pay cuts as a disciplinary measure.
- In cases where employees are deployed internationally, to observe all the relevant legal provisions, especially with regard to minimum wage.

Employee health and safety

- To act in compliance with the applicable legal regulations and international standards regarding workplace health and safety (e. g. by referring to the ISO45001 and SA8000 standards) and to ensure safe working conditions.
- To offer training and to ensure that all employees are trained in health and occupational safety.
- To implement and use an adequate health and occupational safety management system.²

Conflict minerals

- To establish, to the extent reasonable and possible, a company process to ensure due diligence regarding the promotion of responsible raw material supply chains, with the aim of protecting human rights in conflict regions. Where conflict minerals (in particular tin, tantalum, tungsten, gold) are involved, it is expected that they are sourced in a conflict-free manner. If a product contains one or more conflict minerals or high-risk materials, the supplier must, upon request, ensure transparency concerning the respective origin in the supply chain up to the smelter.

The rights of indigenous peoples

- To respect the rights of indigenous peoples and local communities in compliance with the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169, which in particular prohibits unlawful eviction from and exploitation of land, forests, and waters and the destruction of cultural sites.

PRODUCT SAFETY AND HAZARDOUS MATERIALS

- To label hazardous materials, chemicals, and substances and to ensure their secure handling, moving, storage, recycling, reuse, and disposal.
- To follow all relevant laws and regulations regarding hazardous materials, chemicals, and substances and to comply with the relevant substance restrictions and product safety requirements.
- To provide information about hazardous materials, chemicals, and substances in products in all cases where a given product contains a hazardous material, chemical, or substance that must be disclosed.

ENVIRONMENTAL PROTECTION, RESOURCE CONSERVATION, AND CLIMATE PROTECTION

Environmental protection

- To act in accordance with the relevant statutory requirements and international standards with respect to the environment.
- To minimize pollution and to continuously enhance environmental protection.
- To provide Flender with information, upon request, about the properties and composition of a given product.
- To establish an appropriate environmental management system³.

² Referenced annex: Annex 1: Information on occupational health and safety

³ Referenced annex: Annex 2: Information on environmental protection

Resource conservation

- As much as possible, to avoid and continuously reduce negative environmental impacts through the use of resources and energy, emissions of greenhouses gases and air pollutants, the use of water, emissions to soil and water, and waste and to preserve biodiversity
- To promote a functioning circular economy through the entire supply chain.

Climate protection

- To provide transparency regarding the supplier's greenhouse gas emissions and upstream activities.
- To introduce effective measures in compliance with the Paris Climate Agreement to reduce direct and indirect CO₂ emissions and to contribute to the achievement of the IPCC'S 1.5-degree target.

FAIR BUSINESS PRACTICES

Anti-corruption and bribery

- To not engage in nor tolerate, directly or indirectly, any form of corruption or bribery and to not offer, grant, or promise gratuities to government officials or private counterparties with the aim of influencing official actions or achieving an unfair advantage. This also includes refraining from granting and accepting inadmissible facilitation payments.

Fair competition, antitrust law, and intellectual property rights

- To act in compliance with national and international competition laws and to not participate in price fixing, segmentation of markets or customers, marketing agreements, or collusive tendering.
- To not violate and to respect the intellectual property rights of others.

Delivery or use of counterfeit, fraudulent, and suspect items (CFSI)

- To ensure that the goods delivered meet all requirements as indicated in the latest version of the relevant manufacturer data sheet, operating instructions, and/or industry standards, regardless of whether the supplier is the original manufacturer.
- In the case of deviations, to provide relevant information without delay and to obtain authorization and further instructions.

Conflicts of interest

- To avoid and disclose, both internally and vis-à-vis Flender, all conflicts of interest that might impact business relations and to avoid even the appearance of such conflicts of interest.

Money laundering, financing of terrorism

- To not promote money laundering or the financing of terrorism, either directly or indirectly.

Data protection and information security

- To process personal data confidentially and responsibly, to respect the privacy of all, and to ensure that personal data are effectively protected and only used for legitimate purposes.
- To take appropriate cybersecurity measures for the protection of networks, computers, programs, data, and sensitive information against damage and unauthorized access (with reference to the ISO27001 standards).

Artificial intelligence (AI)

- To ensure that the development, placing on the market, commissioning, and use of AI systems complies with the relevant statutory provisions at any given time.
- In any case, the protection of health, safety, and ethical principles, in compliance with international human rights standards are ensured when using AI systems.

Export control and customs

- To comply with the relevant import and export control provisions, customs and sanctions regulations, and international commercial requirements.

SUPPLY CHAIN

- To take measures, to the extent reasonable and possible, to require the supplier's subcontractors/suppliers to comply with the requirements of this Code of Conduct. If the supplier has its own code of conduct and insofar as its provisions comply materially with the principles and requirements of this Code of Conduct, the supplier may also meet the aforementioned duty by obligating its suppliers to comply with its own code of conduct.
- To identify risks within the supply chain and to take appropriate measures.
- In the event of suspected violations and for the protection of supply chains with increased risks, to inform Flender in due time and, if necessary, about such identified violations and risks as well as all measures taken.
- To comply with the principles of non-discrimination with regard to selecting and dealing with suppliers.

GRIEVANCE MECHANISM

- To provide employees, to the extent reasonable and possible, with access to a protected procedure for reporting possible violations against the principles of this Code of Conduct while maintaining the confidentiality of the reporter's identity and to provide those who report with effective protection against retaliation.

- In any event, insofar as the establishment of such complaint submission procedures or channels is required by law, to comply with the relevant legal provisions and to ensure that employees are made aware of and have access to the complaint submission procedure.
- To abstain from preventing employees from making use of or limiting their access to the complaint submission procedure.

GENERAL PROVISIONS

- Upon request by Flender, to provide self-disclosures and proof of compliance with the principles and requirements of this Code of Conduct.
- Flender reserves the right to verify compliance with the requirements of this Code of Conduct – including through on-site audits. The supplier agrees that Flender may, at its own expense, conduct such audits annually or for a given cause to verify compliance with this Code of Conduct at the supplier's business premises during normal business hours after having given reasonable notice by persons authorized by Flender. The supplier may object to individual audit measures in cases where they would violate mandatory data protection regulations.
- In the event of violations against the principles and requirements laid out in this Code of Conduct or of unreasonable obstruction in the conduct of an audit, Flender reserves the right to take appropriate measures to protect its rights, such as (i) requesting the performance of remedial and improvement measures developed as part of a joint remedial concept, (ii) the verification of such remedial and improvement measures, (iii) to temporarily suspend business relations in the event of repeated violations, and/or (iv) to terminate all or individual contractual relationships if the joint remedial concept for implementing remedial and improvement measures is unsuccessful.

Information to the “Flender Group Code of Conduct for Flender Suppliers”, section “Management System for Occupational Health and Safety”

This information shall help the suppliers to understand the expected requirements of the ‘reasonable management systems for occupational health and safety’. The relevance and responsibility in terms of occupational health and safety for the supplier is dependent on the type of activities that its employees perform.

A distinction is therefore made here between enterprises that perform solely administrative/management or advisory functions or purely sales and marketing-related activities (category 1) on the one hand, and those that also manufacture products (systems, components, etc.) or in any other way process or rework products on the other hand. It is also required to assign such manufacturing enterprises to

a category of small and medium-sized enterprises (definition provided below). Enterprises with over 250 employees that operate in the processing or reworking industry are assigned to category 3.

Micro-enterprises (definition provided below) are always assigned to category 1. Flender does not insist on a formalized management system. Instead, it is sufficient for them to follow the local legal obligations. More advanced measures are required for category 2 enterprises, as laid out in the table below. Category 3 enterprises are expected to fulfill all aspects of an occupational health and safety management system, e. g. based on ISO 45001, and to document this fulfillment accordingly.

Supplier Category	Industry/size of company	Requirements of „reasonable management systems”
1	Small and medium-sized enterprises that offer or perform solely administrative/management, advisory or sales/marketing activities. Micro-enterprises are defined as enterprises that employ fewer than 50 employees and with annual turnover or balance sheet below EUR 10 million (see definition in the chart below)	According to local legislation
2	Small and medium-sized enterprises that operate in the processing and reworking industry* Enterprises with over 250 employees that offer or perform solely administrative/management, advisory or sales/marketing activities**	Further minimum requirements in addition to those described for category 1: <ul style="list-style-type: none"> • Written statement of commitment to occupational health and safety by the company’s management • Assessment of, and an undertaking to comply with, legal requirements • Emergency planning and hazard prevention measures
3	Enterprises with over 250 employees that operate in the processing and reworking industry	Minimum requirement is an occupational health and safety management system, e. g. based on ISO45001

* In specific individual cases, it may be necessary to assign category 3 status to small and medium-sized enterprises which primarily perform high-risk activities (e.g. chemical or process-engineering operations, galvanizing operations, operations involving a high degree of mechanical production). If it is unclear how a supplier is to be classified, or if Flender takes the view that a supplier should be classified in category 3, occupational health and safety specialists must be consulted.

** In specific individual cases, a classification at category 3 may be necessary (e.g. in the case of large, multinational software companies, etc.). If it is unclear how a supplier is to be classified, occupational health and safety specialists must be consulted.

CATEGORIES OF SMALL AND MEDIUM-SIZED ENTERPRISES

Enterprise category	Headcount: annual work unit (AWU)	Annual turnover	← or →	Annual balance sheet total
Medium-sized	< 250	≤ EUR 50 million	← or →	≤ EUR 43 million
Small	< 50	≤ EUR 10 million	← or →	≤ EUR 10 million
Micro	< 10	≤ EUR 2 million	← or →	≤ EUR 2 million

Source: Definition of the European Commission –

<https://op.europa.eu/en/publication-detail/-/publication/756d9260-ee54-11ea-991b-01aa75ed71a1/language-en/format-PDF/source-246434154>

Information to the “Flender Group Code of Conduct for Flender Suppliers”, section “Management System for Environmental Protection”

This information shall help the suppliers to understand the expected requirements of the ‘reasonable management systems for environmental protection’. The relevance and responsibility in terms of environmental protection for the supplier depends essentially on the type of activities (e.g. production, services, project work) and the resources being used.

A distinction is therefore made between suppliers that perform solely administrative/management or advisory functions, e.g. sales-, IT- and marketing related activities (category 1), and those that have a higher environmental impact (category 2 or 3).

Supplier Category	Environmental relevance	Examples	Requirements of „reasonable management systems”
1	Not environmentally relevant or of environmental relevance	<ul style="list-style-type: none"> • small IT-companies • consultants (unless environmentally relevant) • chartered accountants • small assembly and craftsman’s businesses 	According to local legislation
2	Environmentally relevant	<ul style="list-style-type: none"> • chemical and chemical engineering companies • heavy machine construction • mechanical engineering • logistics (with and without dangerous goods) • electrical engineering • plastics processing • surface engineering 	An adequate management system that includes certain ISO14001 elements, e.g.: <ul style="list-style-type: none"> • an environmental policy • defined roles & responsibilities in environmental protection • constantly evaluating the environmental aspects of activities, products & services • evaluating legal requirements and a commitment to compliance • definition and implementation of procedures to comply with the environmental policies, and to achieve targets, and in connection with significant environmental aspects • records of environmental training • emergency preparedness and response plans • records of regularly performed audits
3	High environmental relevance	<ul style="list-style-type: none"> • handling or producing large amounts of hazardous substances • waste vendors; in exceptional cases waste vendors can be classified as category 2 suppliers if they treat non-hazardous waste like glass or paper 	Minimum requirement is a 3 rd party certified environmental management system, e.g. based on ISO14001