

# **KAP AG Code of Conduct for Suppliers**

As of November 2023

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# Code of Conduct for Suppliers

## 1 Introduction/Preamble

KAP AG and its subsidiaries (hereinafter "Company") are committed to ecologically, socially and ethically responsible corporate governance. We expect the same behavior from all our suppliers. We also expect our employees to observe the principles of ecological, social and ethical conduct and to integrate them into the corporate culture. Furthermore, we strive to continuously optimize our entrepreneurial activities, our products and services in terms of sustainability and ask our suppliers to contribute to this in the sense of a holistic approach.

The following regulations specify the Company's principles and requirements (hereinafter "expectations") for responsible and sustainable business activities and form the basis for successful future cooperation with all our suppliers.

A violation of this Code of Conduct may ultimately be grounds and cause for the Company to terminate the business relationship, including all associated supply contracts.

## 2 Our expectations on our suppliers

We expect our suppliers to comply with all applicable laws and regulations and the following expectations and to address them appropriately along the supply chain:

### 2.1 Social responsibility

- **Exclusion of forced labor and slavery**

Our suppliers must take appropriate and reasonable measures to prevent any form of forced labor as well as any form of slavery, slave-like practices, servitude or other forms of domination or oppression in their own business and/or along the supply chain. All work must be voluntary and without threat of punishment.

Employees must be able to terminate work or employment at any time with reasonable notice. In addition, there must be no unacceptable treatment of workers, such as psychological hardship, sexual and personal harassment, and humiliation.

The contracting or use of security guards must be refrained from if, due to a lack of instruction or control, persons are treated or injured in an inhumane or degrading manner during use or if freedom of association is impaired.

- **Prohibition of child labor**

Our suppliers comply with the requirements of the conventions of the International Labor Organization of the United Nations on the minimum age for admission to the employment of children. Accordingly, the age shall not be less than the age at which compulsory education ends under the law of the place of employment and shall in no case be less than 15 years.

If children below this age are encountered at work, the supplier shall document the measures to be taken immediately to remedy the situation and enable the children to attend school.

Similarly, youth under the age of 18 shall not be assigned to work that is likely to be hazardous to their life, health, safety or morals. Special local protection regulations must be observed.

- **Reasonable wage**

Our suppliers pay their employees an appropriate wage for regular working hours and overtime. This must at least correspond to the national statutory minimum wage or the minimum standards customary in the industry, whichever is higher. The local cost of living of the employees and their family members as well as local social security benefits shall be taken into account.

In all cases, overtime pay shall exceed the pay for regular hours worked. Employees shall be provided with all benefits required by law.

Suppliers shall undertake to pay employees directly, in full and on time; deductions from wages as a punitive measure are not permitted. Suppliers shall ensure that employees receive clear, detailed and regular written information about the composition of their wages.

- **Working hours**

Working hours must comply with applicable laws or industry standards.

Overtime is only permitted if it is worked on a voluntary basis and does not exceed 12 hours per week. Employees shall be granted at least one day off after six consecutive working days. Weekly working hours shall not regularly exceed 48 hours, subject to more stringent applicable laws.

- **Freedom of association**

Our suppliers respect the right of their employees to form and join unions of their choice and to bargain collectively and to strike.

In cases where freedom of association and the right to collective bargaining are restricted by law, employees shall be provided with alternative means of independent and free association for the purpose of collective bargaining.

Employee representatives shall be protected from discrimination. Employees shall not be discriminated against on the basis of forming, joining or being a member of a trade union. Their representatives shall be granted free access to the workplaces of their colleagues to ensure that they can exercise their rights in a lawful and peaceful manner.

- **Prohibition of discrimination and unequal treatment**

Our suppliers shall ensure that any form of discrimination, intimidation or harassment in the working environment is refrained from. Furthermore, unequal treatment of employees in any form is inadmissible unless it is justified by the requirements of the employment. This applies, for example, to unequal treatment based on national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief.

The personal dignity, privacy and personal rights of each individual are respected.

Our suppliers are committed to diversity, equality and inclusion.

- **Occupational health and safety**

Our suppliers are responsible for a safe and healthy working environment. By setting up and applying appropriate occupational safety systems, necessary precautionary measures are taken against accidents and damage to health that may arise in connection with the activity.

Our suppliers take appropriate protective measures to avoid exposure to chemical, physical or biological agents.

Excessive physical or mental fatigue shall be prevented by appropriate measures. In addition, employees are regularly trained and instructed on applicable health and safety standards and appropriate measures.

Employees shall be provided with access to drinking water in sufficient quantity and access to clean sanitary facilities.

- **Preservation of the natural foundations of life**

Our suppliers will not deprive legitimate rights to land, forests or waters whose use secures the livelihoods of persons, especially minorities and indigenous peoples.

They will avoid harmful soil changes, water and air pollution, harmful noise emissions, and excessive water consumption if this harms the health of persons, significantly affects the natural basis for the production of food, or prevents the access of persons to safe drinking water or sanitation.

- **Complaint procedure**

Our suppliers shall establish a complaint procedure appropriate to their business activities. This should enable their employees to report violations of social or environmental responsibility as well as ethical business conduct anonymously, confidentially and without fear of retaliation.

Suppliers shall, to the extent possible and reasonable, work to ensure that such procedures are also established in their supply chain.

Suppliers shall inform their employees that they can also use the KAP AG whistleblower system (<https://www.kap.de/en/whistleblowing-system>) in the event of violations occurring in the course of their business relationship with the Company, and that they have the option of contacting the KAP AG ombudsman by telephone, e-mail or electronically.

- **Dealing with conflict minerals**

Our suppliers only use smelters or refiners for tin, tungsten, tantalum, their ores and gold that meet the requirements of the "OECD Due Diligence Guide to Promote Responsible Supply Chains for Minerals from Conflict and High-Risk Areas" and have been audited by the Responsible Mineral Initiative (RMI) ([www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)) or comparable organizations.

## 2.2. Ecological responsibility

- **Treatment and discharge of industrial wastewater**

Our suppliers typecast, monitor, inspect and, if necessary, treat wastewater from operations, manufacturing processes and sanitary facilities before discharge or disposal. In addition, we expect them to introduce measures to reduce the volume of wastewater.

- **Dealing with air and noise emissions**

Our suppliers typecast, monitor, verify and, if necessary, treat general air and, in particular, greenhouse gas emissions from operations before their release and mitigate their harmful noise emissions.

Suppliers are also tasked with monitoring their emission control systems and are required to find economical solutions to minimize any emissions, especially greenhouse gas emissions, as well as to advance the decarbonization of their business operations.

- **Handling waste and hazardous substances**

Our suppliers shall follow a systematic approach to identify, handle, reduce and responsibly dispose of or recycle solid waste.

Chemicals or other materials that pose a hazard when released into the environment shall be identified and handled in a manner that ensures the protection of people and the environment during their handling, transportation, storage, use, recycling or reuse, and disposal.

The prohibitions on the export and import of hazardous waste and on the import of other waste in accordance with the Basel Convention of March 22, 1989, as amended, must be observed.

Likewise, our suppliers shall comply with the prohibitions on the manufacture of mercury-added products, the use of mercury and mercury compounds in

manufacturing processes, and the treatment of mercury waste in accordance with the requirements of the Minamata Convention of October 10, 2013, as amended.

Furthermore, you must also comply with the requirements of the Stockholm Convention of May 23, 2001, as amended, on the Prohibition of the Production and Use and the Non-Environmentally Compatible Handling, Collection, Storage and Disposal of Persistent Organic Pollutants.

- **Reduction in the consumption of raw materials and natural resources**

Our suppliers will reduce or avoid as far as possible the use and consumption of resources during production, including water and energy, and the generation of waste of any kind. This will be done either directly at the point of generation or through processes and measures, for example by changing production and maintenance processes or operations, by using alternative materials, by saving, by recycling or by reusing materials. They will expand the use of renewable energy in their business operations.

- **Dealing with energy consumption/efficiency**

Our suppliers monitor and document their energy consumption to improve their energy efficiency and to minimize energy consumption.

- **Biodiversity and animal welfare**

Our suppliers promote biodiversity and animal welfare.

## 2.3 Ethical responsibility

Our suppliers shall act ethically and with integrity at all times, comply with all applicable laws and regulations, and take appropriate and reasonable measures to remedy any violations identified.

- **Fair and free competition**

Our suppliers are fully committed to functioning and unhindered competition as one of the cornerstones of our social and economic system. They do not participate in any illegal exchange of competition-sensitive information or in any agreements with competitors, customers or suppliers that restrict competition, e.g. price fixing, market sharing or customer allocation. Furthermore, they do not participate in the abuse of market power.

- **Integrity in business transactions**

Our suppliers reject all forms of extortion, embezzlement, misappropriation, corruption and bribery, including facilitation payments for routine official acts.

Our suppliers ensure that their employees, suppliers or representatives do not give, offer or accept bribes, kickbacks, improper donations or other improper payments, goods or services to public officials or other third parties.

- **Export controls and sanctions**

Our suppliers adhere to strict compliance with foreign trade regulations and the requirements of applicable sanctions regimes.

- **Prohibition of money laundering and financing of terrorism**

Our suppliers respect all laws against money laundering and terrorist financing. They verify the identity and economic background of their business partners and the origin of payments to ensure that they come from legitimate sources.

- **Protection of confidential information**

Our suppliers ensure that data worthy of protection (business secrets and personal data) are collected, processed, secured and deleted properly and in compliance with the law. They commit their employees accordingly. Data worthy of protection may not be passed on to third parties without authorization or published in any other form and must be protected in this respect.

- **Intellectual property and plagiarism**

Our suppliers must use confidential information in an appropriate manner and protect it accordingly. They must ensure that data worthy of protection and the valid intellectual property rights of their own employees and business partners are safeguarded. Intellectual property are safeguarded. We do not tolerate the use, further processing or placing on the market of plagiarized products.

- **Documentation**

Our suppliers are committed to disclosing their financial and non-financial information in accordance with applicable law.

### **3 Implementation of expectations**

The Company shall have the right, upon prior written notice, to conduct audits to ensure Supplier's compliance with its obligations under this clause (the "Audit") either itself and/or through appointed third parties (the "Auditor"). Supplier shall provide the Company and/or the Auditor with all data, documents and other information in written, oral and/or electronic form reasonably requested by the Company and/or the Auditor for the Audit. The Company and/or the Auditor shall also be entitled to interview employees of the supplier as well as to inspect suitable documents - in particular payroll records - in compliance with the provisions of data protection law, as well as to verify compliance with expectations by means of a self-assessment questionnaire.

The Suppliers undertake to inform and instruct their managers entrusted with the business relationship and - if necessary - employees (the "Employees") about the Company's expectations and to conduct training for them regarding compliance with the expectations. At the Company's request, suppliers will require the employees to participate in appropriate Company trainings.

If suppliers identify risks to and violations of the expectations set forth in this Code of Conduct, they shall promptly notify the Company in writing and take appropriate remedial action to prevent, stop or minimize violations.

The Company reserves the right to (i) establish and implement a plan, including a specific timetable, to end or minimize a violation and (ii) request the Supplier to jointly develop and implement the plan.

If the Supplier fails to comply with the expectations of this Code of Conduct and a grace period of three months has elapsed without the violations being remedied, the Company reserves the right to either (i) suspend the Contract until the violations are remedied or (ii) upon the expiration of the grace period set without a result, terminate the Contract extraordinarily and at the sole discretion of the Company.

Suppliers shall release the Company and hold it harmless from any damages, third party claims, fines, or losses arising from violations of the obligations described in this Code of Conduct.

## **4 Acknowledgement and consent of the supplier**

By signing this document, the supplier undertakes to act responsibly and to comply with the listed expectations.

The supplier undertakes to communicate the contents of this Code of Conduct to its employees, agents and subcontractors in an understandable manner and to take all necessary precautions to implement the expectations.

Place, Date

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*Management / Supplier*

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*Management / Supplier*