

KATEK

Lead the category

**CODE OF CONDUCT FOR SUPPLIERS
ENGLISH**

1. Introduction

The following requirements define the KATEK Group expectations regarding the mindset and conduct of suppliers (For the purpose of this document "suppliers" refers to any company, corporation, or other entity that sells, or seeks to sell goods or services, to KATEK Group, including the supplier's employees, agents and any other representatives) and sales partners in their corporate activities: that working conditions are safe, workers are treated with respect and business operations are environmentally responsible and conducted ethically. KATEK Group means, collectively, KATEK SE and its subsidiaries (directly or indirectly).

The KATEK Code of Conduct for Suppliers is based on the principles of internationally recognized standards for responsible corporate governance. In alignment with the UN Guiding Principles on Business and Human Rights, the provisions in this Code are derived from and respect internationally recognized standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

All suppliers are required to follow this Code of Conduct for Suppliers, outlined below, and should be prepared to demonstrate adherence through a social responsibility audit whether it be announced or not. Our suppliers have to understand this Code as a total supply chain initiative i.e. the supplier shall also require its next tier suppliers to implement this Code.

The Code is made up of four sections: Introduction, Principles, Monitoring and References.

2. Principles

The Principles of this Code are divided in three categories: Ethics, Human and Labor Rights and Environment.

2.1. Ethics

To meet social responsibilities and to achieve success in the marketplace, suppliers and their agents are to uphold the highest standards of ethics including:

1) Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Suppliers shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion, money laundering, conflicts of interest and embezzlement. Standards of fair business, advertising, and competition are to be upheld.

2) Disclosure of Information

All business dealings should be transparently performed and accurately reflected on the supplier's business books and records. Information regarding participant's labor, health and safety, environmental practices, business activities, structure, financial situation, and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

3) Intellectual Property

Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

4) Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers are to be maintained, unless prohibited by law. Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

5) Privacy and confidential information

Suppliers are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers, and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal, sensitive or confidential information is collected, stored, processed, transmitted, and shared.

6) Conflict Minerals

Suppliers shall adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, gold, cobalt and mica in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organization for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.

7) Import and export control

The supplier strictly complies with all applicable laws for the import and export of goods, services and information. Furthermore, they comply with sanctions lists.

2.2. Human and Labor Rights

Suppliers are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. Recognized labor and safety standards as the set by the International Labor Organization (ILO) must be observed.

The labor standards are:

1) No illegal employment

Suppliers have to ensure that employees and subcontractors are employed or hired according to local legislation.

2) No slavery and no human trafficking

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities including, if applicable, workers' dormitories or living quarters.

3) Child labor and Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Suppliers shall implement an appropriate mechanism to verify the age of workers. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

4) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 48 hours per week, including overtime, except in emergency or unusual situations. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days.

5) Compensation and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates.

6) Freedom of Association

In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

7) No Discrimination and no Harassment

Suppliers should be committed to a workplace free of harassment and unlawful discrimination. Companies shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests (special rules may apply during a pandemic), including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way.

8) Occupational Health and Safety

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace. A process enabling the continuous reduction of work-related health hazards and improvement of occupational health, safety and fire safety must be established, preferable through recognized management systems according to OHSAS 18001 or any equal system.

Suppliers must in particular:

- Inform employees of identified hazards and the associated preventive and corrective measures put in place to minimize hazards. The information must be available in the languages relevant for employees.
- Conduct sufficient employee training on the prevention of work-related health disorders, the prevention of accidents at work, first aid, chemicals management and fire safety.
- Provide suitable protective equipment and protective clothing free of charge.
- Install appropriate fire protection equipment such as fire detectors and fire extinguishers.
- Monitor and control work-related health hazards and the resulting protective measures.
- Label the chemicals used pursuant to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) or the Classification, Labelling and Packaging Regulation in European countries. Chemicals must be stored in line with national regulations.

9) Working and living conditions

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the supplier or a labor agent are to be maintained to be clean and safe, and provide sufficient space.

10) Private and Public Security Forces

If security personnel are employed, they should be trained in human rights practices and refrain from any form of unlawful or abusive behavior. Cooperation with public security forces should be conducted with respect to human rights and should not infringe on the civil liberties of the local populace.

2.3. Environment

Suppliers shall identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within their manufacturing operations, while safeguarding the health and safety of the public. Recognized management systems such as ISO 14001 or any equal system must be implemented.

The environmental requirements are:

1) Environmental Permits, Land, Forest, and Water Rights

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed. Further, comprehensive respect for land, forest, and water rights is imperative. Suppliers should ensure that they have the legal rights to their operations on lands and respect traditional and indigenous rights. Sustainable and legal use of forest resources and water bodies should be prioritized, ensuring that ecosystems, biodiversity, and local communities are not adversely affected.

2) Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.

3) Materials Restrictions

Suppliers are to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

4) Waste

Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5) Energy Consumption, Renewable Energy and Air Emissions

Suppliers are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions. Suppliers must, upon request, provide the KATEK Group with information on total energy consumption in MWh and CO₂ emissions in metric tons (scope 1, 2 and 3). Suppliers are encouraged to transition to renewable energy sources in their operations. The goal is to achieve a reduced greenhouse gas emissions and contribute to global efforts to combat climate change. Active steps towards decarbonizing operations and the adoption of clean energy technologies should be pursued.

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances, and combustion by products generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge.

6) Water Management

Suppliers shall monitor water sources, use and discharge; seek opportunities to conserve water; and control channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal.

7) Deforestation, Biodiversity and Land Use

Protecting ecosystems and biodiversity is crucial. Suppliers must take care to ensure that their land use practices do not harm local ecosystems or lead to a loss of biodiversity. This includes avoiding operations in protected areas or areas of high biodiversity value unless appropriate safeguards are in place. Further, suppliers should commit to zero deforestation in their supply chains. This entails sourcing materials responsibly, ensuring that products do not contribute to habitat destruction or negatively affect indigenous communities.

8) Soil Quality

Maintaining and enhancing soil quality is crucial for sustainable operations. Suppliers should avoid practices that degrade the soil and implement strategies to prevent erosion, contamination, and loss of organic matter.

3. Monitoring of the Code of Conduct

All business relations between the KATEK Group and our suppliers must be based on honesty, trust, and cooperation.

Suppliers shall ensure compliance with applicable laws, regulations and customer requirements; show conformance with this Code and identify and mitigate operational risks related to it.

With this purpose the supplier should implement at least the following elements:

1) Policy statement

A code of conduct or a policy statement with corporate social and environmental responsibility statements affirming supplier's commitment to compliance and continual improvement, endorsed by executive management, and posted in the facility in the local language.

2) Management Accountability and Responsibility

The supplier clearly identifies officers and company representative(s) responsible for ensuring implementation of the management systems and associated programs.

3) Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Code.

4) Risk Assessment and Risk Management

A process to identify, control and ensure the legal compliance, environmental, health and safety and labor practice and ethics risks associated with supplier's operations.

5) Training

Programs for training managers and workers to implement supplier's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements.

6) Communication

A process for communicating clear and accurate information about supplier's policies, practices, expectations, and performance to workers, suppliers, and customers.

7) Documentation and Records

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

8) Audits and Assessments

The KATEK Group reserves the right to verify compliance with these requirements using appropriate means. This verification may take the form of questionnaires or involve the deployment of experts on-site.

An on-site audit of this nature is only carried out following prior notification and in the presence of representatives of the supplier during regular working hours and in accordance with applicable laws, in particular with regard to data protection.

The verification/on-site audits described above may also take place prior to commissioning of the business partner and are then mandatory for the contract. Any identified non-compliance with the sustainability requirements in the supply chain of a supplier will be assessed by the supplier within a reasonable period of time; the supplier is responsible for remedying such non-compliance at no additional cost to the KATEK Group.

9) Consequences of infringement and reporting of potential misconduct

Non-compliance with the KATEK Code of Conduct for Suppliers may entail terminating the business relationship with the supplier, depending on the gravity of the violation and on specific circumstances.

However, in case of reparable non-compliance, KATEK reserves the right to engage the supplier and assist in establishing an improvement action plan with clear deadlines, the fulfilment of which will help the supplier to keep the business relationship intact.

We expect our suppliers to report to us any environmental or safety issues, and legal changes affecting their corporate status.

Infringements which represent a violation of contractual obligations may lead to disciplinary action by KATEK.

Legitimate whistleblowing reports can help counteract violations at an early stage and limit the damage for the whole KATEK group and business partners. Reports can be made by all KATEK employees, suppliers, customers and other third parties.

Reporting of potential misconduct can be done in writing or personally, in letter form, email, or by phone. The identity of the individual(s) reporting shall be kept to a minimum of people necessary to sufficiently investigate the matter at hand. Reporting of potential misconduct can also be done anonymously.

Contact details

E-Mail: compliance@katek-group.com

The compliance organization will take receipt of information and will work carefully through it. All information received will be treated in confidentiality unless for legal reasons, a different procedure is called for.

4. References

- ILO International Labor Standards
www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm
- ISO 14001
www.iso.org/
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas
<http://www.oecd.org/corporate/mne/mining.htm>
- OECD Guidelines for Multinational Enterprises
www.oecd.org/
- United Nations Convention Against Corruption
www.unodc.org/unodc/en/crime_convention_corruption.html
- United Nations Global Compact
www.unglobalcompact.org/
- Universal Declaration of Human Rights
www.un.org/en/documents/udhr/

Acknowledgement Code of Conduct for Suppliers

I, on behalf of _____ (Supplier) hereby confirm and acknowledge to follow the guidelines and principles of the KATEK Code of Conduct for Suppliers valid at the time and available under <https://www.katek-group.de/investor-relations-bereich/corporate-governance/> and ensure, that the management, employees, agents, representatives and suppliers of _____ (Supplier) are aware of these guidelines and principles and comply with them, when preparing and submitting offers for KATEK, for the procurement of goods and services for KATEK and during the execution of all agreements concluded with KATEK.

Supplier:

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Company stamp / Place, Date

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Signature

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Name in block letters

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Department / Function