

Preamble

We – the LKE Group – are fully aware of our responsibility to our customers and employees. Therefore, we have set ourselves strict ethical rules that guide our business practices.

For future cooperation, the contractual partners agree on the validity of the following provisions in a common Code of Conduct. This agreement is the basis for all future deliveries. The contractual partners undertake to comply with the principles and requirements of this Code of Conduct and will endeavour to contractually oblige their subcontractors to comply with the standards and provisions set forth in this document. This agreement enters into force on the date of signature. A violation of this Code of Conduct may ultimately provide grounds and cause for LKE Group companies to unilaterally terminate the business relationship, including all related supply contracts.

Laws and ethical principles

The LKE Group complies with all laws applicable to group companies and also supports the fundamental principles of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) in accordance with national laws and customs. The LKE Group also complies with the regulations of the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG).

REQUIREMENTS FOR SUPPLIERS

Social responsibility

Child labour

The minimum age for admission to employment by children must be higher than the age at which compulsory education ends according to the law in the place of employment, whereby the minimum age for admission to employment must be at least 15 years old unless one of the exceptions recognised by the ILO applies (see ILO Convention No. 138). However, these exceptions will only be considered if they are also acceptable according to local law. To ensure compliance with the provisions stated above, suppliers must use reliable mechanisms to determine the age of prospective employees, which must not, under any circumstances, involve any degrading or undignified treatment of the employees or applicants. The worst forms of child labour (according to ILO Convention No. 182) are always prohibited for employees under the age of 18. This includes, among other things, all forms of slavery or practices similar to slavery, illicit activities and any work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children or young people. If the supplier has employees under the age of 18, their working hours may not negatively impact participation in vocational training programmes approved by the responsible authorities.

Exclusion of forced and slave labour

No forced labour, slave labour or similar forms of labour may be used. All work must be voluntary and without threat of punishment. All employees must have the right to terminate their employment relationship, subject to any contractually agreed or statutory notice periods. Suppliers are prohibited from retaining the identification documents of their employees. Furthermore, no worker may be subjected to unacceptable treatment such as psychological cruelty, or sexual or other personal harassment or humiliation. The hiring or use of security guards is prohibited if use of such personnel results in persons being treated in an inhumane or degrading manner or being injured, or if freedom of association is impaired. Employees, especially migrant workers, may not be forced to make illegal payments or be charged deposits to secure their job. If legitimate payments must be made as part of the recruitment process or to secure the necessary documents, such as work permits, visas or health checks, the employer shall bear the costs.

Remuneration and working hours

The remuneration for regular working hours and overtime must correspond to the national statutory minimum wage or the minimum standards customary in the industry, whichever is higher. In any case, the remuneration for overtime must exceed the remuneration for regular hours. Insofar as the remuneration is not sufficient to cover the costs of ordinary living and to build up a minimum level of reserves, the supplier shall be obligated to increase the remuneration accordingly. The supplier shall provide employees with all benefits prescribed by law. Wage deductions as punitive measures are not permitted. The supplier shall ensure that employees receive clear, detailed and regular written information on the composition of their remuneration.

Working hours must comply with applicable laws or the industry standards incumbent upon the supplier. Overtime is only permitted if it is performed on a voluntary basis and does not exceed 12 hours per week, while employees must be granted at least one day off after six consecutive working days. Weekly working hours must not regularly exceed 48 hours.

Freedom of association

The right of employees to form and join organizations of their choice, to undertake collective bargaining and to strike must be respected. In cases where freedom of association and the right to collective bargaining are restricted by law, alternative means of independent and free association of employees for the purpose of collective bargaining must be provided. Employee representatives must be protected from discrimination. Employees must not be discriminated against on the basis of forming, joining or being a member of such an organization. Employee representatives must be granted free access to the workplaces of their colleagues to ensure the latter can exercise their rights in a lawful and peaceful manner. The supplier shall make every effort to uphold Principle 3 of the UN Global Compact.

Prohibition of discrimination

LKE promotes diversity and tolerance with respect to the race, religion, disability, sexual orientation and gender of its employees.

This means that discrimination or unequal treatment of employees in any form is prohibited unless justified by the requirements of the employment. This applies, for example, to discrimination on the basis of gender, race, caste, ethnic or social background, skin colour, disability, health status, political convictions, origin, ideology, religion, age, pregnancy or sexual orientation. This applies, in particular, to the recruitment of employees and also to their further training, promotion and remuneration. The personal dignity, privacy and rights of each individual must be respected. ILO Conventions 110, 111 and 159 and Principle 6 of the UN Global Compact apply.

Preservation of the natural foundations of life

The supplier shall not deprive people of their legitimate rights to land, forests or waters whose use secures their livelihoods. Furthermore, the supplier shall refrain from damaging soil, polluting water and air, emitting noise and using excessive amounts of water if this harms the health of persons, significantly impairs the natural basis for the production of food or prevents persons from having access to safe drinking water or sanitary facilities.

Occupational safety

The LKE Group complies with the applicable occupational safety laws and regulations and ensures a safe and healthy working environment in order to avoid accidents and injuries.

The supplier is responsible for providing a safe and healthy working environment. Necessary precautionary measures to avoid accidents and health hazards that may arise in connection with the activity shall be taken by setting up and applying appropriate occupational safety systems. Appropriate measures shall be taken to prevent excessive physical or mental fatigue. In addition, employees shall be regularly informed and trained with regard to applicable health and safety standards and safety measures. Employees shall be provided with access to sufficient quantities of drinking water and also clean sanitary facilities.

Dealing with conflict minerals

In accordance with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by the Organisation for Economic Cooperation and Development (OECD), LKE has established processes for handling the conflict minerals tin, tungsten, tantalum and gold, as well as for additional raw materials such as cobalt, and expects its suppliers to do the same. Smelting and refining without appropriate and audited processes of due diligence must be avoided.

Environmental responsibility

Treatment and discharge of industrial wastewater

Wastewater from operating procedures, production processes and sanitary facilities shall be typed, monitored, inspected and, if necessary, treated prior to discharge or disposal. In addition, measures should be introduced to reduce the generation of wastewater.

Dealing with air emissions

General emissions from operating procedures (air and noise emissions) and greenhouse gas emissions shall be typed, routinely monitored, inspected and, if necessary, treated prior to their release. The supplier shall also be responsible for monitoring its emission control systems and is required to find economic solutions to minimize any emissions.

Dealing with waste and hazardous substances

The supplier shall follow a systematic approach to identify, handle, reduce and responsibly dispose of or recycle solid waste. The prohibitions on the export of hazardous wastes in the Basel Convention of 22 March 1989, as amended, shall be observed. Chemicals or other materials that pose a hazard when released into the environment shall be identified and handled in a manner that ensures safety during their handling, transport, storage, use, recycling or reuse, and disposal. Mercury shall be used in accordance with the prohibitions of the Minamata Convention of 10 October 2013, and persistent organic pollutants in accordance with the Stockholm Convention of 23 May 2001, as amended.

Reducing consumption of raw materials and natural resources

Use and consumption of resources during production and the generation of waste of any kind, including water and energy, is to be reduced or avoided. This must be done either directly at the point of origin or through pertinent processes and measures, e.g. by changing production and maintenance processes or workflows within the company, by using alternative materials, through savings, recycling or by reusing the materials.

Dealing with energy consumption/efficiency

Energy consumption shall be monitored and documented. Economic solutions must be found to improve energy efficiency and minimize energy consumption.

Ethical business practices**Fair competition**

The standards of fair business, fair advertising and fair competition must be observed. In addition, suppliers must comply with applicable antitrust laws. These prohibit, in particular, agreements and other activities to influence prices or conditions in dealings with competitors. Furthermore, these laws prohibit agreements between customers and suppliers that are intended to restrict the customer's freedom to autonomously determine their prices and other conditions when reselling the goods.

Privacy/data security

The supplier undertakes to meet the reasonable expectations of the client, subcontractors, customers, consumers and employees with regard to the protection of private information. The supplier shall observe the laws on data protection, information security and applicable official regulations when collecting, storing, processing, transmitting and forwarding personal information.

Intellectual property

Intellectual property rights shall be respected; technology and expertise shall be transferred in a manner that protects intellectual property rights and customer information.

Integrity/corruption, personal gain

The highest standards of integrity must be applied in all business activities. The supplier shall pursue a zero tolerance policy with respect to the prohibition of all forms of bribery, corruption, extortion and embezzlement. Procedures for monitoring and enforcing standards shall be applied to ensure compliance with anti-corruption laws. Suppliers to the LKE Group shall comply with the OECD Guidelines for Multinational Enterprises (Chapter 7).

Dialogue with business partners

We expect our suppliers to identify risks within supply chains and take appropriate measures. In the event of a suspected violation and to safeguard supply chains with heightened risks, the supplier shall promptly and, if necessary, regularly inform LKE regarding any identified violations and risks, thereby providing details of the measures undertaken.

Compliance with the standards and provisions listed in this document will be reviewed by the LKE Group using a self-assessment questionnaire and a risk-based audit of the supplier's production sites. The supplier hereby agrees that, as the customer, LKE may carry out such audits on an annual basis or in response to specific issues to monitor compliance with the Code of Conduct; with the respective audits to be performed by LKE-nominated personnel at the supplier's production sites during normal business hours, after giving appropriate advance notice.

The supplier can object to specific audit measures if these measures would violate mandatory data protection regulations. If a violation of the provisions in this Code of Conduct is identified, LKE will promptly notify the supplier of such in writing within one month and set an appropriate deadline for the supplier to make the necessary changes to ensure compliance with these provisions. If the violation cannot be remedied in the foreseeable future, the supplier must inform LKE of this fact immediately and jointly develop a concept and timetable with LKE for the cessation or minimisation of the violation. In the event of a culpable violation, expiry of the stipulated deadline without result or if the measures implemented in the concept are without remedy following expiry of agreed timetable, and where LKE deems continued performance of the contract to its ordinary conclusion to be unreasonable, in the absence of a milder remedy, LKE can terminate the contract and business relationship and all other contracts following expiry without remedy of the stipulated deadline, provided it gave notice of such when setting the deadline for subsequent performance. The statutory right to extraordinary termination without notice, specifically in the case of violations deemed particularly serious, and the right to compensation shall remain without prejudice.

Declaration of compliance by the supplier

By signing this document, the supplier undertakes to act responsibly and adhere to the principles and requirements specified herein. The supplier undertakes to communicate the content of this Code of Conduct in a comprehensible manner to employees, contractors and subcontractors and to make all necessary arrangements for implementation of the commensurate requirements.

Date, place

Signature and stamp of the supplier