

Code of Conduct for Business Partners

Foreword

The German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG) obliges companies based in Germany¹ to fulfil their responsibilities in global supply chains. Accordingly, companies must examine the extent to which their business activities have a negative impact on human rights with regard to:

- **social responsibility**
- **ecological responsibility and the**
- **ethical business conduct.**

As a link in the supply chain, LUDWIG MEISTER as a trading company is obliged towards its affected direct customers to pass on the claims arising from the LkSG to its direct business partners (suppliers: manufacturers/dealers and other interested parties).

Essentially, it is about corporate due diligence² to identify negative impacts of business activities in relation to human rights in the supply chain.

To this end, LUDWIG MEISTER has set up a risk management system that makes it possible to analyse and evaluate risks on a regular basis.

For our direct business partners, we have drawn up a

Code of Conduct for Business Partners, the content of which includes the requirements of the LkSG.

We ask you to check this carefully and then return it to us signed in order to secure the business relationship for our customers as well as with you as our business partner for the future.

The **increasing relevance in award procedures** for "Corporate Social Responsibility" or CSR for short (corporate social responsibility in the sense of sustainable business) gives our request the highest priority.

If this letter has not reached the responsible department, please forward it to your company.

Acknowledgement and consent of the business partner

By signing this document, the business partner undertakes to act responsibly and to comply with the principles/requirements listed.

The business partner undertakes to communicate **the content of** this Code of Conduct in a comprehensible manner with employees, agents and subcontractors and to take all necessary precautions for the implementation of the requirements.

Business partner/company

Name: _____

Address: _____

City, street

Contact

Name: _____

Function: _____

Phone: _____

Email: _____

Date

Signature business partner

¹ From 01.01.2023, >3,000 employees; from 01.01.2024 >1,000 employees

² The German government expects companies to introduce a process of corporate due diligence with regard to respect for human rights. The due diligence obligations relate to the company's own business operations and direct suppliers. For indirect suppliers, due diligence applies on an ad hoc basis, i. e. companies only have to take action if there are substantiated indications of possible rights violations in the supply chain. **The due diligence obligations explicitly establish a duty of effort and not a duty to succeed.** Companies must therefore be able to prove that they have implemented the due diligence obligations described in the law, which are feasible and appropriate against the background of their individual context. The following applies: the greater a company's ability to exert influence, the more likely and severe the expected infringement of the protected legal position, and the greater a company's contribution to causation, the greater efforts a company can be expected to make to avoid or stop an infringement.
Source: IHK <https://www.ihk-muenchen.de/de/Service/Nachhaltigkeit-CSR/Nachhaltige-Lieferkette/>

General

With the Code of Conduct for Business Partners, LUDWIG MEISTER communicates its expectations of business partners.

The content of the Code of Conduct includes all requirements of the:

Supply Chain Sourcing Obligations Act (LkSG)

and thus forms the interface between the sustainability values and goals of its own company and the desired behaviour of business partners.

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1.1 Introduction/Preamble

LUDWIG MEISTER is committed to ecologically and socially responsible corporate governance. We expect the same behaviour from our business partners. We also expect our employees to observe the principles of ecological, social and ethical behaviour and to integrate them into the corporate culture.

Furthermore, we strive to continuously optimise our business activities and our services in terms of sustainability and ask our business partners to contribute to this in the sense of a holistic approach.

For the future cooperation, the contractual partners agree on the validity of the following regulations for a joint code of conduct, which are also incorporated in our General Terms and Conditions of Purchase in Section III./1./2.

This agreement shall be the basis for all future deliveries. The contractual partners undertake to comply with the principles and requirements of the Code of Conduct and to **endeavour to contractually oblige their subcontractors to comply with the standards and regulations set out in this document**. This agreement shall enter into force upon signature.

A breach of this Code of Conduct may ultimately be grounds and cause for the company to terminate the business relationship, including all associated supply contracts, if prior to this the company was denied the willingness to participate in audits.

The Code of Conduct is based on:

- national laws and regulations such as
- the Supply Chain Sourcing Obligations Act (LkSG) and
- international conventions such as the United Nations Universal Declaration of Human Rights,
- the guidelines on children's rights and corporate action,
- the United Nations Guiding Principles on Business and Human Rights,
- the international labour standards of the International Labour Organisation, and
- the United Nations Global Compact.

1 Requirements for business partners

1.1 Social responsibility

1.1.1 Exclusion from forced labour

No forced labour, slave labour or work of a similar nature may be used. All work must be voluntary and without threat of punishment. Workers must be able to leave work or employment at any time. Furthermore, 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, in the course of their use, persons are treated or injured in an inhuman or degrading manner or if freedom of association is impaired.

1.1.2 Prohibition of child labour

Child labour must not be used in any phase of production. The business partners are requested to adhere to the recommendation from the ILO conventions on the minimum age for the employment of children. According to this, the age should not be less than the age at which compulsory education ends according to the law of the place of employment and in any case not less than 15 years. If children are found at work, the business partner shall document the measures to be taken to remedy the situation and enable the children to attend school. The rights of young workers shall be protected. Persons under the age of 18 shall not be employed in work which is harmful to the health, safety or morals of children. Special protective regulations shall be observed.

1.1.3 Fair pay

The remuneration for regular hours and overtime must be equal to the national statutory minimum wage or the industry minimum standards, whichever is higher. The remuneration for overtime must in any case 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 business partner is obliged to increase the remuneration accordingly. Employees shall be provided with all benefits prescribed by law. Wage deductions as punitive measures are not permitted. The business partner shall ensure that workers receive clear, detailed and regular written information on the composition of their remuneration.

1.1.4 Fair working time

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, while employees must be given at least one day off after six consecutive working days. The weekly working time shall not regularly exceed 48 hours.

1.1.5 Freedom of association

The right of workers to form and join organisations of their choice and to bargain collectively and to strike shall 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 workers for the purpose of collective bargaining shall be provided. Workers' representatives shall be protected against discrimination. Workers shall not be discriminated against on the grounds of establishment, affiliation or membership of such an organisation. They must be granted free access to the workplaces of their colleagues to ensure that they can exercise their rights in a lawful and peaceful manner.

1.1.6 Prohibition of discrimination

Discrimination Unequal treatment of employees in any form is inadmissible unless it is justified in the requirements of employment. This applies, for example, to discrimination based on gender, race, caste nationality, ethnic or social origin, skin colour, disability, health status, political conviction, origin, ideology, religion, age, pregnancy or sexual orientation. The personal dignity, privacy and personal rights of each individual are respected.

1.1.7 Health protection, safety at work

The business partner is responsible for a safe and healthy working environment. Necessary precautions against accidents and damage to health that may arise in connection with the activity shall be taken by setting up and applying appropriate occupational safety systems. Excessive physical or mental fatigue shall be prevented by appropriate measures. In addition, employees shall be regularly informed and trained on applicable health and safety standards and measures. Employees shall be provided with access to drinking water in sufficient quantity and access to clean sanitary facilities.

1.1.8 Preservation of the natural foundations of life

The business partner may not, in violation of legitimate rights, withdraw land, forests or waters whose use secures the livelihood of persons. The business partner shall refrain from harmful soil changes, water and air pollution, noise emissions and excessive water consumption if this harms the health of persons, significantly impairs the natural basis for the production of food or prevents the access of persons to safe drinking water or sanitary facilities.

1.1.9 Complaints mechanisms

The business partner must pass on information received from LUDWIG MEISTER on accessibility, responsibility and the implementation of a complaints procedure to its employees in an appropriate manner. The complaints procedure must be accessible to employees while maintaining confidentiality of identity and effective protection against discrimination. To the extent that no reference is made, the business partner itself is responsible at company level for establishing an effective grievance mechanism for individuals and communities who may be affected by adverse impacts.

1.1.10 Dealing with conflict minerals

For the conflict minerals tin, tungsten, tantalum and gold, as well as for other raw materials such as cobalt, LUDWIG MEISTER expects its business partners to establish processes in accordance with the Organisation for Economic Cooperation and Development (OECD) Due Diligence Guidelines to promote responsible supply chains for minerals from conflict and high risk areas. Smelters and refineries without adequate, audited due diligence processes should be avoided.

1.2 Ecological responsibility

1.2.1 Treatment and discharge of industrial waste water

Wastewater from operations, manufacturing processes and sanitary facilities should be typed, monitored, inspected and treated as necessary prior to discharge or disposal. In addition, measures should be introduced to reduce the generation of wastewater.

1.2.2 Dealing with air emissions

General emissions from operations (air and noise emissions) as well as greenhouse gas emissions shall be typified, routinely monitored, verified and treated as necessary prior to their release. The business partner is also responsible for monitoring its waste gas purification systems and is required to find economic solutions to minimise any emissions.

1.2.3 Handling waste and hazardous substances

The business partner follows a systematic approach to identify, handle, reduce and responsibly dispose of or recycle solid waste. The prohibitions on the export of hazardous waste 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.

1.2.4 Reduce consumption of raw materials and natural resources

The use and consumption of resources during production and the generation of waste of all kinds, including water and energy, shall be reduced or avoided. This is done either directly at the point of production or through procedures and measures, for example by changing production and maintenance processes or procedures in the company, by using alternative materials, through savings, through recycling or with the help of the reuse of materials.

1.2.5 Dealing with energy consumption/efficiency

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

1.3 Ethical business conduct

1.3.1 Fair competition

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

1.3.2 Confidentiality/data protection

The business partner undertakes to meet the reasonable expectations of its principal, business partners, customers, consumers and employees with regard to the protection of private information. The business partner shall observe the laws on data protection and information security and the official regulations when collecting, storing, processing, transmitting and forwarding personal information.

1.3.3 Intellectual property

Intellectual property rights are to be respected; technology and know-how transfer shall be made in a manner that protects intellectual property rights and customer information.

1.3.4 Integrity/Bribery, Taking Advantage

The highest standards of integrity must be applied to all business activities. The Business Partner shall have a zero tolerance policy in prohibiting all forms of bribery, corruption, extortion and embezzlement. Procedures for monitoring and enforcing standards shall be in place to ensure compliance with anti-corruption laws.

2 Implementation of the requirements

We expect our business partners in relation to supply chains to:

- Identify risks within them and take **appropriate** measures.
- In case of suspected violations as well as to safeguard supply chains with increased risks, inform LUDWIG MEISTER promptly and, if necessary, regularly about the identified violations and risks as well as the measures taken.

LUDWIG MEISTER verifies compliance with the standards and regulations listed in this document by means of a self-assessment questionnaire, if necessary, and risk-based audits at the business partner's premises.

The business partner agrees that LUDWIG MEISTER may, if necessary, conduct audits to verify compliance with the Code at the business partner's premises by persons appointed by it after giving reasonable advance notice. The business partner may object to individual audit measures if this would violate mandatory data protection regulations.

Should a violation of the regulations of this Code of Conduct be identified, LUDWIG MEISTER will immediately notify the business partner in writing within one month and set a reasonable grace period for the business partner to bring its conduct into compliance with these regulations.

If a remedy is not possible within a foreseeable period of time, the business partner shall notify LUDWIG MEISTER immediately and, together with LUDWIG MEISTER, draw up a concept with a time schedule for ending or minimising the infringement.

If such a violation:

- was culpable,
- the grace period expires fruitlessly or the implementation of the measures contained in the concept does not remedy the situation after the expiry of the time schedule, and
- makes a continuation of the contract until its ordinary termination by LUDWIG MEISTER unreasonable and
- no milder means is available,

LUDWIG MEISTER may terminate the contract and/or the business relationship and terminate all contracts after expiry of the set period of grace, if it has threatened to do so when setting the period of grace.

A statutory right to extraordinary termination without granting a period of grace, in particular in the case of violations to be assessed as very serious, remains unaffected, as does the right to compensation for damages.