

# **Code of Conduct For suppliers of the Friedhelm Loh Group**

**2023**

## Preamble

The Friedhelm Loh Group is a global player, innovation leader and family-run company with passion and with a great sense of responsibility. With a combination of hardware and software expertise, the Group's companies support customers in optimising processes along their entire value chain in a holistic and professional manner – from the engineering, production and processing, through to the provision of services. The portfolio of the Group's companies includes among others enclosure systems, automation solutions, software and services.

The member companies of the Friedhelm Loh Group always act in accordance with the applicable legal framework and a responsible ethical understanding. The owner, Professor Dr. Loh, laid down this understanding in the corporate principles many years ago.<sup>1</sup> Together with each company's Code of Conduct, they form the basis for a responsible corporate governance in both ethical and financial regards.

A key factor in achieving the Group's corporate goals in a responsible manner is the goal-oriented cooperation, not only within the group, but also between the FLG companies and their suppliers. Accordingly, the establishment of a long-term partnership with its suppliers is also explicitly stated as a corporate principle of FLG.

The Group's self-image also includes a commitment to taking responsibility for the environment and the community it is based in. Following on from this, the management has set up expectations concerning human rights and the environment for the Group.<sup>2</sup> The Code of Conduct (CoC) of the Friedhelm Loh Group also reflects these expectations.

The member companies of the Friedhelm Loh Group rely on the fact that their suppliers likewise feel commitment to the community and the environment. This shall be recorded by giving a commitment to this CoC for suppliers of the Friedhelm Loh Group. In doing so, the undersigning supplier supports the FLG companies in their ongoing efforts to achieve these goals.

### 1. Fundamental understanding

We, the undersigning company,

[Name and address of the supplier]

assume responsibility by taking into consideration the legal, economic, technological, social and environmental consequences of our business decisions and actions. By signing this CoC, we express that we share a common fundamental understanding of socially responsible corporate governance with the companies of the Friedhelm Loh Group. Thus, we jointly contribute to the social and economic development of the countries and regions in which we operate.

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<sup>1</sup> <https://www.friedhelm-loh-group.com/en/unternehmensgruppe/unternehmensgrundsaeetze.asp>

<sup>2</sup> [www.friedhelm-loh-group.de](http://www.friedhelm-loh-group.de)

Our actions comply with the relevant legal regulations. We are guided by ethical values and principles, in particular integrity and honesty as well as respect for human dignity as laid down in the principles of the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the core labour standards of the International Labour Organization (ILO) as well as the United Nations Guiding Principles on Business and Human Rights.

This CoC describes the fundamental principles of our actions, which we globally require our employees to observe. The contents apply to all branches and business units of our company and are also enforced, or at least demanded, at all affiliated companies. We expect the same fundamental understanding from our business partners.

## **2. Observance of the Laws**

It goes without saying that we take for granted observance of the applicable laws and other legal provisions of the countries in which we operate. This also includes accurate records and publications of our business activities that, at minimum, fulfil the legal requirements. If local laws and regulations are less restrictive, our actions will be guided by the principles of this CoC. In cases where there is a direct contradiction between mandatory local law and the fundamental principles contained in this CoC, local law shall take precedence. However, we endeavour to comply with the principles of this CoC in the best possible manner.

## **3. Integrity and compliance**

We have taken appropriate compliance<sup>3</sup> measures to ensure that the following areas are adequately covered:

### **3.1 Corruption**

We do not tolerate corruption, bribery or extortion; they prevent fair competitive conditions. In our business relationships, we do not promise, offer, grant, demand or accept inducements that are connected with the intention, or could give the appearance, of influencing business decisions or gaining any other undue advantage, nor do we allow ourselves to be promised such inducements. A particularly strict standard must be applied when dealing with persons to whom special criminal and liability regulations apply (e.g. public officials).

### **3.2 Fair competition**

We act in accordance with national and international competition and antitrust legislation and do not participate in price fixing, market or customer sharing or bid-rigging.

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<sup>3</sup> Compliance stands for adherence to statutory requirements, regulatory standards, voluntary commitments and internal guidelines.

### **3.3 Prevention of money laundering**

Money laundering is the process of channelling illegally obtained money or illegally acquired assets into the legal financial and economic cycle. We comply with our legal obligations to prevent money laundering and do not participate in transactions that serve to conceal or integrate illegally obtained assets.

### **3.4 Protection of information and intellectual property**

We protect confidential information and respect intellectual property; the transfer of technology and know-how must be undertaken in such a way that intellectual property rights and customer information, business secrets and non-public information are protected. We do not tolerate plagiarism or the use of so-called reverse engineering. We observe the applicable laws for the protection of business secrets and treat confidential information of our business partners accordingly.

### **3.5 Data protection**

We process, store and protect personal data in compliance with statutory regulations. We collect personal data confidentially, only for legitimate, predetermined purposes and in a transparent manner. This data is deleted as soon as it is no longer required for the original purpose and continued storage is not required by law. We only process personal data if it is protected against loss, alteration and unauthorised use or disclosure by means of appropriate technical and organisational measures.

### **3.6 Import and export controls**

We undertake to comply with the relevant legal standards governing import and export controls – in particular licensing requirements, export and support bans – when shipping and exporting our goods. Irrespective of their direct scope of application, these include, specific embargoes and sanctions<sup>4</sup>, e.g. the Dual-Use Regulation of the European Union<sup>5</sup> and the US Export Administration Regulations (EAR) in their current version, including all annexes.

### **3.7 Avoidance of conflicts of interest**

We avoid internal and external conflicts of interest that could influence business relationships in an unrelated immaterial manner. If this is not successful, we disclose existing conflicts.

## **4. Health and safety**

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<sup>4</sup> E.g. Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine.

<sup>5</sup> REGULATION (EU) 2021/821 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast)

We protect the health of our employees by initiating appropriate health and safety measures (e.g. implementing a company health and safety management system) that adequately cover the following areas:

- compliance with applicable laws and orientation towards international standards with regard to health protection and occupational safety<sup>6</sup> ;
- suitable workplace design, compliance with safety regulations and provision of suitable personal protective equipment, in particular to avoid exposure to biological or chemical substances or physical effects of substances on employees;
- implementation of preventive controls, emergency measures, an accident reporting system and further suitable measures for continual improvement;
- enabling access to drinking water in sufficient quantities and to clean sanitary facilities for employees.

We make sure that all our employees have the training necessary to perform their work safely, and are regularly instructed in health protection and occupational safety measures.

## **5. Remuneration and working hours**

We pay our employees an appropriate wage that is at least equal to the minimum wage stipulated by applicable legislation and is otherwise determined by the law at the place of employment. Employees are informed clearly, in detail and regularly about the composition of their remuneration.

We comply with the applicable laws and (international) labour standards<sup>7</sup> with regard to the maximum permitted working hours and ensure that

- the working hours, including overtime, do not exceed the respective legally permissible maximum limits;
- in the absence of applicable provisions, the weekly working hours, including overtime, do not exceed 60 hours, even in exceptional cases;
- employees have at least one full day off per calendar week.

Furthermore we ensure that every employee takes at least the breaks as required by law at the place of employment and as are necessary for safe completion of their tasks.

## **6. Observance of human rights**

We respect and support the observance of internationally recognised human rights and

- respect the personal dignity, privacy and personal rights of every individual;
- protect and grant the right to freedom of opinion and expression;

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<sup>6</sup> Cf. ILO Guidelines on Occupational Safety and Health; ILO directive on health and safety at work; the SA 8000 Social Accountability standard or the ISO 45001 occupational health and safety management system, etc.

<sup>7</sup> ILO Hours of Work (Industry) Convention No. 1, 1919

- do not tolerate any unacceptable treatment of employees, such as physical and psychological hardship, sexual and personal harassment or discrimination.

### **6.1 Prohibition of child labour**

We do not tolerate child labour in any form or manner.<sup>8</sup> For this reason, we do not hire any employees without proof that they are at least 15 years old at the latest when they take up employment and that they are no longer required to attend school under the law of the place of employment. In countries that fall under the exception for developing countries in accordance with ILO Convention No. 138, the minimum age can be reduced to 14 years. We do not hire employees for work who fall under the prohibition of the worst forms of child labour according to ILO Convention No. 182 without proof of a minimum age of 18 years.

### **6.2 Prohibition of forced labour and all forms of slavery**

Forced labour, all forms of slavery, slavery-like practices, bonded labour or other forms of domination or oppression at the workplace, for example through extreme economic or sexual exploitation and humiliation, as well as comparable measures that deprive freedom, are prohibited without exception.<sup>9</sup> All work must be voluntary and it must be possible to terminate the employment relationship.

### **6.3 Prohibition on the use of security guards**

The engagement or deployment of private or public security staff to protect business projects is prohibited unless sufficient training and monitoring have been put in place to ensure that the prohibition of torture and cruel, inhuman or degrading treatment is not violated, that life and limb are not harmed, or that the freedom of association and coalition are not impaired.

### **6.4 Freedom of association and collective bargaining**

We respect the right of employees to freedom of coalition. This also includes the right to collective bargaining and negotiations<sup>10</sup> insofar as this is legally permissible and possible in the respective country in which we operate. In the absence of a relevant local legal framework, we seek an appropriate compromise for our employees.

### **6.5 Promotion of variety and diversity, equal opportunities**

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<sup>8</sup> ILO conventions Nos. 79, 138, 142 and 182

<sup>9</sup> ILO conventions Nos. 29 and 105

<sup>10</sup> ILO conventions Nos. 87, 135 and 154

We promote equal opportunities and do not tolerate discrimination.<sup>11</sup> We treat all people equally regardless of their gender, age, skin colour, ethnic origin, sexual identity and orientation, disability, religious affiliation, ideology or other personal characteristics.

## **7. Protection of natural livelihoods**

### **7.1** We ensure that through our entrepreneurial activities

- no natural bases for the preservation and production of food are impaired,
- no person is denied access to clean drinking water,
- no person is hindered or denied access to sanitary facilities, and
- no person's health is harmed,

by taking appropriate measures to comply with the prohibition of causing harmful soil changes, water pollution, air pollution, harmful noise emissions or an excessive water consumption.

### **7.2** When acquiring, building on or otherwise utilising land, woodland and bodies of water whose usage secures a person's livelihood, we observe the ban on unlawful eviction and the ban on unlawful seizure.

## **8. Environment, energy and climate protection**

We act in accordance with the applicable laws and are guided by international standards<sup>12</sup> in order to minimise negative impacts on the environment and we continually improve our activities with regard to environmental and climate protection. This also includes complying with all legal requirements for handling hazardous substances<sup>13</sup>, in particular the requirements of the Minamata Convention on the handling of mercury and mercury waste and the POP Convention on Persistent Organic Pollutants.

We have taken appropriate environmental protection measures (e.g. the implementation of an operational environmental protection management system) that adequately cover the following areas:

- Setting of objectives, definition and implementation of measures and their continuous improvement;
- environmental aspects such as reducing carbon emissions, increasing energy efficiency and using renewable energies, ensuring water quality and reducing water consumption, ensuring air and soil quality, preserving biodiversity, safeguarding animal welfare, promoting resource efficiency, reducing, reusing and recycling waste

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<sup>11</sup> ILO convention No. 111

<sup>12</sup> ISO 14001 and standards laid down in the OECD directives/COP21

<sup>13</sup> EU RoHS Directive "RoHS II" 2011/65/EU (recast 2002/95/EC) and applicable delegates

Directive (EU) 2015/863 ("RoHS III"), Russian RoHS 037/2016, China RoHS limit values (identical to EU RoHS), (EU) 2017/2102, (EU) 2018/739, (EU) 2018/740, (EU) 2018/741, RoHS substance restrictions apply to lead, mercury, cadmium, Cr(VI), PBB, PBDE incl. ban on decaBDE, as well as DEHP, BBP, DBP and DIBP

or disposing of it properly, and handling substances that are hazardous to people and the environment in a responsible manner.

We undertake to comply with the prohibition of the non-environmentally appropriate handling, collection, storage and disposal of waste in accordance with the applicable legal provisions.

All employees are sensitised about environmental protection. Employees are regularly offered the necessary training measures and courses.

## **9. Handling of conflict minerals**

We take the necessary care to avoid the use of conflict minerals in our products in order to prevent violations of human rights, corruption and the financing of armed groups or the like.

## **10. Supply chain**

From our suppliers, we expect and ensure that they also comply with the principles of this CoC or have their equivalent codes of conduct.. We also encourage them to address and enforce the contents of this CoC in their supply chains. With regard to our direct suppliers (Tier 1), we - if necessary and with the support of third parties - review the application of the principles of this CoC systematically and on an ad hoc basis. We reserve the right to conduct checks of their subcontractors on an ad hoc basis. This can take the form of questionnaires, assessments or audits, for example. Should such a check reveal any complaints that have an impact on our customers, we will inform them without delay and coordinate the next steps with them.

If there are still any doubts regarding compliance with the principles of this CoC, the supplier will be asked to take appropriate countermeasures in consultation with our customers. The supplier is obliged to report the procedure to their responsible point of contact in our company. If the violation of the CoC is serious and no effective remedial measures are taken, the cooperation will be terminated.

## **11. Consumer interests**

Where consumer interests are affected, we comply with consumer protection regulations and the appropriate sales, marketing and information practices. Increased attention is paid to vulnerable groups (such as minors and pregnant women).

## **12. Implementation and enforcement**

We undertake appropriate and reasonable efforts to continually implement, document and apply the principles and values described in this CoC. All employees are sensitised to the contents of the CoC and are trained in relevant topic areas as required. Violations of the CoC are not be tolerated and may lead to consequences under labour law.



## 12.1 Communication

We communicate on our own initiative and in a dialogue-oriented manner the requirements of this CoC and its implementation to employees, customers, suppliers and the interested public. We disclose the information required for transparent and comprehensible communication provided this does not compromise the legitimate interests of third parties.

## 12.2 Notices about violations

We offer our employees and business partners access to a protected mechanism for confidentially notifying us about possible violations of the principles of this CoC. We also inform them in an appropriate manner about the option for reporting any violations of this CoC directly via the Friedhelm Loh Group's whistleblower system, which can be accessed online here: <https://friedhelm-loh-group.complaints-portal.com/>.

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(Place, Date)

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