

Flender Group Code of Conduct

for Suppliers and Third-Party Intermediaries ¹

This Code of Conduct defines the basic requirements placed on the suppliers and third-party intermediaries of the Flender Group concerning their responsibilities towards their stakeholders and the environment. The supplier or third-party intermediary declares herewith to:

Legal Compliance

Comply with the laws and regulations of the applicable legal systems.

Human Rights and Labor Practices

To ensure respect of all internationally proclaimed human rights by avoiding causation of and complicity in any human rights violations, heightened attention shall be paid to ensuring respect of human rights of specifically vulnerable rights holders or groups of rights holders such as women, children or migrant workers, or of (indigenous) communities.

O Prohibition of Forced Labor

- Neither use nor contribute to slavery, servitude, forced or compulsory labor and human trafficking.

O Prohibition of Child Labor

- Employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, employ no workers under the age of 14.
- Employ no workers under the age of 18 for hazardous work according to ILO Convention 182.

O Non-Discrimination and Respect for Employees

- Promote equal opportunities and treatment of employees, irrespective of skin color, parentage, nationality, ethnicity, political affiliation, social background, disabilities, gender, sexual identity and orientation, marital status, religious conviction, or age.
- Refuse to tolerate any unacceptable treatment of individuals such as mental cruelty, sexual harassment or discrimination including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative.

O Working Hours, Wages & Benefits for Employees

- Recognize the legal rights of workers to form or join existing trade unions and to engage in collective bargaining; neither disadvantage nor prefer members of employee organizations or trade unions.
- Adhere to all applicable working-hours regulations globally.
- Pay fair wages for labor and adhere to all applicable wage and compensation laws globally.
- In the event of cross-border personnel deployment, adhere to all applicable legal requirements, especially with regard to minimum wages.

O Health & Safety of Employees

- Act in accordance with the applicable statutory and international standards regarding occupational health and safety and provide safe working conditions.
- Provide training to ensure employees are educated in health & safety issues.
- Establish a reasonable occupational health & safety management system. ²

O Grievance Mechanism

- Provide access to a protected mechanism for their employees to report possible violations of the principles of this Code of Conduct.

Environmental Protection

- Act in accordance with the applicable statutory and international standards regarding the environment. Minimize environmental pollution and make continuous improvements in environmental protection.
- Establish a reasonable environmental management system.²

¹ Notice: The persons and groups of persons referred to in this Code of Conduct refer to individuals of all genders

Fair Operating Practices

O Anti-Corruption and Bribery

- Tolerate no form of and do not engage directly or indirectly in any form of corruption or bribery, and do not grant, offer or promise anything of value to a government official or to a counterparty in the private sector to influence official action or obtain an improper advantage. This includes to renounce from giving or accepting improper facilitation payments.

O Fair Competition, Anti-Trust Laws and Intellectual Property Rights

- Act in accordance with national and international competition laws and do not participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors.
- Respect the intellectual property rights of others.

O Conflicts of Interest

- Avoid and disclose internally and to Flender all conflicts of interest that may influence business relationships, and to avoid already the appearance thereof.

O Anti-Money Laundering, Terrorism Financing

- Not directly or indirectly facilitate money laundering or terrorism financing.

O Data Privacy

- Process personal data confidentially and responsibly, respect everyone's privacy and ensure that personal data is effectively protected and used only for legitimate purposes.

O Export Control and Customs

- Comply with the applicable export control and customs regulations.

Responsible Minerals Sourcing

- Take reasonable efforts to avoid in its products the use of raw materials which originate from Conflict-Affected and High-Risk Areas and contribute to human rights abuses, corruption, the financing of armed groups or similar negative effects.

Prevention of delivery or use of Counterfeit Fraudulent and Suspect Items (CFSI)

- The Supplier is responsible for ensuring that Goods supplied by them meet all the requirements stated in the latest version of the relevant manufacturer data sheet, description, and/or industry standard, irrespectively if he is the original manufacturer or not.
- Should there be any deviation, the supplier must inform the Buyer immediately and seek for an approval and further instructions.

Supply Chain

- Use reasonable efforts to make its suppliers comply with the principles of this Code of Conduct.
- Comply with the principles of non-discrimination with regard to supplier selection and treatment.

Referenced Annexes²

Annex 1 Information Occupational Health and Safety

Annex 2 Information Environmental Protection

Information to the 'Flender Group Code of Conduct for Flender Suppliers', section 'Management System for Occupational Health and Safety'

This information shall help the suppliers to understand the expected requirements of the 'reasonable management systems for occupational health and safety'. The relevance and responsibility in terms of occupational health and safety for the supplier is dependent on the type of activities that its employees perform.

A distinction is therefore made here between enterprises that perform solely administrative/management or advisory functions or purely sales and marketing-related activities (category 1) on the one hand, and those that also manufacture products (systems, components, etc.) or in any other way process or rework products on the other hand. It is also required to assign such manufacturing enterprises to a category of small and medium-sized enterprises (definition provided below). Enterprises with over 250 employees that operate in the processing or reworking industry are assigned to category 3.

Micro-enterprises (definition provided below) are always assigned to category 1. Flender does not insist on a formalized management system. Instead, it is sufficient for them to follow the local legal obligations. More advanced measures are required for category 2 enterprises, as laid out in the table below. Category 3 enterprises are expected to fulfill all aspects of an occupational health and safety management system, e.g. based on ISO 45001, and to document this fulfillment accordingly.

Supplier Category	Industry/size of company	Requirements of „reasonable management systems“
1	Small and medium-sized enterprises that offer or perform solely administrative/management, advisory or sales/marketing activities. Micro-enterprises are defined as enterprises that employ fewer than 50 employees and with annual turnover or balance sheet below EUR 10 Mio. (see definition in the chart below)	According to local legislation
2	Small and medium-sized enterprises that operate in the processing and reworking industry* Enterprises with over 250 employees that offer or perform solely administrative/management, advisory or sales/marketing activities**	Further minimum requirements in addition to those described for category 1: <ul style="list-style-type: none">• Written statement of commitment to occupational health and safety by the company's management• Assessment of, and an undertaking to comply with, legal requirements• Emergency planning and hazard prevention measures
3	Enterprises with over 250 employees that operate in the processing and reworking industry	Minimum requirement is an occupational health and safety management system, e. g. based on ISO 45001

* In specific individual cases, it may be necessary to assign category 3 status to small and medium-sized enterprises which primarily perform high-risk activities (e.g. chemical or process-engineering operations, galvanizing operations, operations involving a high degree of mechanical production). If it is unclear how a supplier is to be classified, or if Flender takes the view that a supplier should be classified in category 3, occupational health and safety specialists must be consulted.

** In specific individual cases, a classification at category 3 may be necessary (e.g. in the case of large, multinational software companies, etc.). If it is unclear how a supplier is to be classified, occupational health and safety specialists must be consulted.

Enterprise category	Headcount: annual work unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ EUR 50 million	or	≤ EUR 43 million
Small	< 50	≤ EUR 10 million	or	≤ EUR 10 million
Micro	< 10	≤ EUR 2 million	or	≤ EUR 2 million

Source: Definition of the European Commission -

<https://op.europa.eu/en/publication-detail/-/publication/756d9260-ee54-11ea-991b-01aa75ed71a1/language-en/format-PDF/source-246434154>

Information to the 'Flender Group Code of Conduct for Flender Suppliers', section 'Management System for Environmental Protection'

This information shall help the suppliers to understand the expected requirements of the 'reasonable management systems for environmental protection'. The relevance and responsibility in terms of environmental protection for the supplier depends essentially on the type of activities (e.g. production, services, project work) and the resources being used.

A distinction is therefore made between suppliers that perform solely administrative/ management or advisory functions, e.g. sales-, IT- and marketing related activities (category 1), and those that have a higher environmental impact (category 2 or 3).

Supplier Category	Environmental relevance	Examples	Requirements of „reasonable management systems“
1	Not environmentally relevant or of environmental relevance	<ul style="list-style-type: none"> • small IT-companies • consultants (unless environmentally relevant) • chartered accountants • small assembly and craftsman's businesses 	According to local legislation
2	Environmentally relevant	<ul style="list-style-type: none"> • chemical and chemical engineering companies • heavy machine construction • mechanical engineering • logistics (with and without dangerous goods) • electrical engineering • plastics processing • surface engineering 	An adequate management system that includes certain ISO 14001 elements, e.g.: <ul style="list-style-type: none"> • an environmental policy • defined roles & responsibilities in environmental protection • constantly evaluating the environmental aspects of activities, products & services • evaluating legal requirements and a commitment to compliance • definition and implementation of procedures to comply with the environmental policies, and to achieve targets, and in connection with significant environmental aspects • records of environmental training • emergency preparedness and response plans • records of regularly performed audits
3	High environmental relevance	<ul style="list-style-type: none"> • handling or producing large amounts of hazardous substances • waste vendors; in exceptional cases waste vendors can be classified as category 2 suppliers if they treat non-hazardous waste like glass or paper 	Minimum requirement is a 3 rd party certified environmental management system, e. g. based on ISO 14001