

**Kontron AG Policy 5.c.**

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**Supplier Code of Conduct**

**Version 2.0**

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**Kontron AG**

**Industriezeile 35**

**4020 Linz**

**FN 190272m, Landesgericht Linz**

## CHANGE LOG

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## 1. PREAMBLE

A key priority for Kontron is conducting its business in a responsible and sustainable manner. Kontron AG and its affiliates (“Kontron Group” or “Kontron”) implemented high standards to guarantee the compliance and awareness with ethical, social and environmental standards and human rights. The Kontron Group has a groupwide applicable Kontron Code of Conduct (<https://www.kontron.ag/about/corporate-governance/>), which addresses Kontron principles and values to internal and external stakeholders.

The performance of suppliers sets an important part of the value generated by Kontron. This “Kontron Suppliers Code of Conduct” shows Kontron’s expectation towards its suppliers in a clear and transparent manner directly addressable to them. Every Kontron supplier shall respect and comply with the standards laid down herein by taking reasonable measures depending on its size and nature of its operation, as far as it is reasonably practicable.

The Kontron Supplier Code of Conduct shall be applicable for all suppliers, that are (or will be) business partners of Kontron AG and/or its affiliates belonging to the Kontron Group.

Kontron might amend this Kontron Supplier Code of Conduct from time to time and expects its suppliers to review and implement the changes made within a reasonable time into its business practices, if the requirements are not already met.

Suppliers shall make reasonable efforts to continuously improve the development and the implementation of measures to ensure best business practice related to sustainability und high quality standards. Suppliers are also requested to have a procedure in place how to deal and remedy within reasonable timeframe in case of any violations of the requirements herein.

## 2. GENERAL PRINCIPLES

The Kontron Code of Conduct, available at <https://www.kontron.ag/about/corporate-governance/>, is incorporated by reference in this document.

The principles and values of Kontron set forth in the Kontron Code of Conduct for its employees, also apply to suppliers of Kontron.

### 3. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Suppliers shall fully comply with all laws and regulations applicable to them. Suppliers shall especially ensure their compliance with the provisions set forth in this Code of Conduct as well as contractual obligations agreed between the supplier and the respective company. This includes in particular local laws and regulations and international standards in all aspects. Measured by suppliers size and type of business, Kontron expects its suppliers to implement and maintain an appropriate compliance and quality management system.

In particular, suppliers shall aim to prevent or minimize any risks to human rights or environmental-related risks or to end the violation of human rights-related or environment-related obligations. Suppliers shall therefore ensure the compliance with the requirements as laid down in the applicable regulations, e.g. in the German Act on Corporate Due Diligence Obligations in Supply Chains of July 16 2021, as well as international requirements and regulations. This means, including, but not limited to:

- › establishing a risk management system and designate responsible persons within the enterprise;
- › performing regular risk analyses, laying down preventive measures in its own area of business and towards direct suppliers;
- › taking remedial action and establishing a complaints procedure;
- › implementing due diligence obligations with regard to risks at indirect suppliers, documenting reporting

#### 3.1. CONVENTIONS AND RECOMMENDATIONS OF INTERNATIONAL ORGANIZATIONS

Kontron expects supplier to meet the high standards and to recognize and apply this standards, in particular in relation to the:

- › International Bill of Human Rights, consisting of: Universal Declaration of Human Rights; International Covenant of 19 December 1966 on Civil and Political Rights, (Federal Law Gazette 1973 II pp. 1533, 1534); and International Covenant of 19 December 1966 on Economic, Social and Cultural Rights (Federal Law Gazette 1973 II pp. 1569, 1570);
- › European Convention on Human Rights;
- › ILO (International Labour Organization) Tripartite Declaration of Principles on Multinational Enterprises and Social Policy and ILO Declaration on Fundamental Principles and Rights at Work, and fundamental freedoms, in particular, as follows:
  - › elimination of child labor, minimum age (especially ILO Convention No. 182 and No. 138),
  - › abolition of forced labor (especially ILO Convention No. 105, ILO Convention No. 29 and Protocol of 11 June 2014 to Convention No. 29),
  - › prohibition of discrimination (especially ILO Convention No. 111 and equal remuneration for men and women ILO Convention No. 100),
  - › freedom of association and the right to collective bargaining (especially ILO Convention No. 87 and No. 98);
- › Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II p. 610, 611) (Minamata Convention);

- › Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), last amended by the decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061);
- › Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704) (Basel Convention), as last amended by the Third Ordinance amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014 (Federal Law Gazette II pp. 306/307);
- › OECD Guidelines for Multinational Enterprises
- › “Agenda 21” on Sustainable Development (concluding document of the founding UN Conference on the Environment and Development)
- › UN Convention against Corruption
- › UN Convention on the Rights of the Child UN Conventions on the Elimination on all Forms of Discriminations
- › OECD Convention against Bribery of Foreign Public Officials;

Kontron expects suppliers to adhere to the material principles set by “UN Global Compact” and aims to reach the principles by “Responsible Business Alliance”. Kontron identifies with the standards laid down and strives to comply with the high standards to date and in the future and expects the same from its suppliers, throughout the supply chain.

## 4. BUSINESS CONDUCT OF SUPPLIERS AND FAIR PRACTICE OF BUSINESS OPERATIONS

### 4.1. FAIR COMPETITION AND ANTI-TRUST LAW

Competition and anti-trust laws are the pillars of efforts to preserve a free market and fair and open competition. Kontron expects from suppliers to treat all business partners in a fair and respectful manner, to behave fairly towards competitors, to support free and undistorted competition and to comply with all applicable laws and regulations in this respect. This means, including but not limited to:

- › no conclusion of anti-competitive agreements e.g. no agreements with competitors related to prices / customers / markets/ territories/ products offered
- › no agreements with competitors in regard of refraining from competition; to restrict dealings with suppliers, to submit bogus offers for bidding
- › no communication with competitors about prices, output, capacities, sales, bids, profits, profit margins, costs, methods of distribution or any other fact or factor that determines or influences the competitive behaviors
- › customers and suppliers shall be treated in fair manners, all decisions made in these areas shall be objective in nature
- › no participation in any form of bid rigging or other mechanism that limit fair competition in tender situations, any form of cartel practices with competitors such as dividing or allocating of markets

### 4.2. PROHIBITION OF CORRUPTION, EXTORTION AND BRIBERY

Suppliers are expected to reject all forms of corruption practices and all forms of behavior, which might violate law and the principles of fair competition.

Neither employees and subcontractors nor any other representatives of the suppliers shall grant, offer or accept bribes, facilitation payments and benefits, inadmissible donations or other not reasonable granted benefits from or to customers, officials or other business partners. Suppliers should have a procedure in place, which helps their employees to understand when an offering and/or gift are ok and when especially not and should be rejected.

A number of anti-corruption standards have been promulgated at international level and implemented at national levels. The latter laws and regulations prohibit bribery and corrupting acts in all and any forms. These include the UK's Bribery Act and the USA's Foreign Corrupt Practices Act. They have a worldwide scope of application and they are and shall be strictly enforced.

This means, including but not limited to:

- › establish a compliance system which provides awareness in this regard (e.g. regular training of employees; provide internal adequate controls to prevent and detect corruption)
- › maintain an appropriate system related to financial and accounting procedures to ensure the maintenance of fair and accurate books, records and accounts, to ensure that they can only be used for legitimate purposes

### 4.3. COMBATING MONEY LAUNDERING

Suppliers shall ensure by appropriate measures that legal money laundering and terrorism financing provisions are not breached. Kontron has committed itself to conducting business with reputable business partners, with "reputable" being defined as those parties that are engaged in lawful business activities, whose funds stem solely from legal sources, and whose operations adhere to



the stipulations of anti-money laundering and anti-terrorism laws. Suppliers of Kontron are expected to work solely with business partners who are reliable and for which, appropriate, risk-based measures to verify the identity and economy background are taken, to secure that the origin of payment comes from a legitimate source.

#### **4.4. CONFLICT OF INTEREST**

Suppliers are expected to take their decision based on objective reasons. Personal interests and/or relationships of persons acting for or on behalf of supplier shall have no influence on supplier's behaviors and decisions taken. Suppliers are expected to prevent the arising of any conflicts of interest and shall guide their employees to maintain a clear distinction between business and personal interests. Suppliers are expected to inform Kontron on any personal interest that might exist in connection with the relevant business relationship.

#### **4.5. IT-SECURITY / HANDLING OF NON-PUBLIC INFORMATION / DATA PROTECTION / RESPECT OF INTELLECTUAL PROPERTY OF THIRD PARTY**

Supplier shall take reasonable measures to secure personal data of individuals as well as non-public information (business know-how, intellectual property, trade secrets and especially confidential information) of Kontron. Suppliers shall respect and establish a system to behave in a responsible manner in accordance with all applicable privacy laws (including especially the GDPR and local laws) with personal data, regardless of who it is from e.g. own workers, employees of Kontron and/or other individuals. Suppliers are expected to have an appropriate IT-security procedure established. Where applicable, also products of suppliers shall confirm with the standards of IT and data-security.

This means, including, but not limited to:

- › appropriate protection of personal data as well as confidential data and business know-how
- › data processing and documentation thereof according to international and national requirements
- › no collection, processing, usage and/or storage of personal data when there is no legal basis (e.g. mandatory law and/or consent of the individual concerned)
- › implementation of an appropriate (IT-)security system, especially to ensure the protection of personal data and confidential information (including technical and organizational measures to safeguard personal data, products, know-how and business data)
- › protect data against modification, loss and unauthorized use or disclosure
- › respect third party intellectual property rights by establishing an appropriate licensing management system

If the Supplier due to the performance of a supply agreement might obtain or is required to obtain access to personal data, the supplier shall prior to any access of the personal data inform Kontron without undue delay about the required access, so that Kontron and the supplier can conclude a data processing agreement in accordance with applicable laws to protect the rights of individual.

## 5. RESPECT OF HUMAN RIGHTS

Kontron expects its suppliers to respect the fundamental human rights set out in international conventions of the United Nations (UN), International Labor Organization (ILO) and other applicable statutory and international standards as set out in section 3.1. in this Code of Conduct as well as described in the Kontron Code of Conduct. Suppliers shall implement procedures to avoid any conflict with these principles.

This means, including, but not limited to:

- › no forced or compulsory labor / slavery / human-trafficking / servitude
- › no child labor (no workers under the age of 15/14 in accordance with ILO Conv. 138)
- › no workers under the age of 18 for hazardous work
- › no discrimination and fair labor practice
- › freedom of association and collective bargaining

### 5.1. PROHIBITION OF MODERN SLAVERY

Kontron expects its supplier strictly to not tolerate any forms of modern slavery such as forced or bonded or servitude or compulsory labor, human trafficking or practices similar to that, especially other forms of domination or oppression in this context. Suppliers shall adhere to the standards and provisions laid down in international conventions and local regulations.

### 5.2. YOUNG WORKERS AND PROHIBITION OF CHILD LABOR

Kontron does not tolerate child labor in any form and it's strictly prohibited and Kontron expects its suppliers to strictly comply also to this requirement. Moreover, its Kontron's expectation that supplier also secures compliance in its own supply chain. Suppliers have to act in particular in accordance with the two fundamental ILO conventions on child labor (Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labor). Suppliers shall not employ anyone younger than 15 years of age, who is still of compulsory school age or who has not reached the legal minimum age for employment, whereby the regulation with the strictest age limit shall take precedence. Supplier shall establish an action plan including remedies to be executed without undue delay and in accordance with international standards and local requirements, in case of discovering violations of the prohibition of child labor. Legally permissible employment of young people, including the development of permissible on-the-job training programs for the benefit of the education of young people shall be supported by the supplier. Suppliers must prohibit employees under the age of 18 from activities that endanger their health or safety (e.g. night work, overtime, working with toxic or hazardous substances).

### 5.3. FAIR LABOR PRACTICES / DIVERSITY & EQUAL OPPORTUNITIES AND NON-DISCRIMINATION

Supplier shall respect the right of their employees in accordance with all relevant legislations, regulations and directives. Kontron expects its supplier to promote diversity and equal opportunities within its company and to enforce the employment of individuals of a variety of ethnic backgrounds, cultures, religions, ages, levels of ability (disabilities), races, sexual identities and persuasion, genders and mindsets. Suppliers are expected to provide a workplace free of harassment or discrimination and should foster a social environment with respect for all individuals. Suppliers should implement measures to avoid any form of discrimination and unacceptable treatments of individuals and to promote in this regard also an awareness of its employees.

This means, including, but not limited to:

- › no discrimination based on gender, age, religion, social background, disability, ethnic, national or territorial origin, nationality, political affiliation or opinion, sexual orientation, gender identity, family responsibility, marital status, skin color, disease, pregnancy, or other criteria
- › zero tolerance related to unacceptable treatments of individual, e.g. any forms of harassment, abuse or mental cruelty
- › promotion of diversity and equal opportunities for all employees
- › respect of freedom of association and collective bargaining
- › fair and reasonable payment of wages and benefits to employees (in respect of applicable minimum wages by law; collective bargaining agreements and industry standards as the case may be)
- › respect of working-hours regulations and laws

#### **5.4. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

Suppliers must respect the freedom of association and the right to collective bargaining. Suppliers shall ensure that employees are free to exercise their rights and are no subject to any form of harassment or reprisal.

#### **5.5. WAGES AND BENEFITS**

Suppliers must offer fair and reasonable wages and benefits to all employees according to the applicable laws and regulations (minimum wages, compensations laws). Compensation and benefits shall be provided according to the applicable regulations.

#### **5.6. WORKING HOURS**

Suppliers adhere to all applicable working-hours regulations globally and ensure the compliance at any time, especially when employees working from home/mobile offices.

#### **5.7. HEALTH AND SAFETY**

Suppliers shall act in compliance with all statutory and international standards as well as regulations related to occupational health and safety and the measures to be taken in this regard. Suppliers should provide save working conditions and a safe and healthy working environment to their employees, including fire safety. Suppliers shall establish a reasonable occupational health and safety management system (including guidelines, procedures and regular risk assessments, and an incident and accident management system), e. g. in accordance with ISO 45001 or shall implement other reasonable procedures depending on the specific business activities and corresponding risks.

This means, including, but not limited to:

- › provision of appropriate regular training and working instructions to employees including occupational safety, emergency preparedness, machine safeguard, fire safety etc.
- › taking of preventive actions and measures to avoid accidents/near-accidents and emergency preparedness
- › to ensure, that all employees act according to the applicable health and safety laws and regulations,
- › regular reviews, evaluations and elimination of identified potential health and safety risks by taking of reasonable risk mitigation measures
- › provision of appropriate safety equipment, personal protection equipment, first aid/ fire-fighting equipment and any other material necessary for emergency preparedness as well as ergonomic workplaces

## 6. ENVIRONMENTAL RESPONSIBILITY

Suppliers are expected to have a clear understanding of the environmental risks, impacts and responsibilities they have associated with their business conduct and the products/services they supply. Suppliers should have a process in place to mitigate these risks and to ensure that its operations shall confirm to all applicable environmental legislations.

This shall mean, including, but not limited to:

- › establishing of a reasonable environmental management system, preferably with ISO 14001 certification
- › documentation and maintenance of all required environmental permits, approvals and registrations
- › minimization of pollution
- › preservation of water quality
- › minimization of water consumption, usage of energy, raw materials and resources
- › minimization of emissions and responsible waste handling e.g. by putting best efforts to re-use and recycle materials
- › separation and safe keeping of chemicals, oils, batteries and any other hazardous waste
- › safe handling, storage and labelling of chemicals
- › performance of regular risk assessments related to the negative environmental impact of business conducts and products/services to be supplied

Kontron expects its suppliers to contribute to Kontron's environmental objectives as laid down in the Code of Conduct of Kontron and to collaborate with Kontron to improve the environmental performance of Kontron's supply chain.

### 6.1. RESPONSIBLE MINERAL SOURCING / REACH AND ROHS COMPLIANCE

In connection with the respect of human rights, suppliers are also expected (if applicable for their business operations), to establish a procedure to avoid conflict minerals. Suppliers have to avoid in their products the use of raw materials, which originate from high-risk areas and/or conflict-affected areas, which potentially supports human right abuse, corruption, the financing of armed groups, terrorism or equivalent circumstances.

Moreover, suppliers must ensure compliance with other applicable product-related requirements, such as REACH and RoHS, and may be required to declare the material content and origin of products delivered to Kontron.

Several regulations have to be respected by suppliers, if applicable, to name some (including; but not limited to) in this regard: (i) European Union: Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Regulation concerning Restriction of Hazardous Substances (RoHS), Timber Regulation, F-Gases Regulation, Conflict Minerals Regulation; (ii) USA: Dodd-Frank Act, Sec 1502 "Conflict Minerals", California Transparency in Supply Chains Act of 2010, Business Supply Chain, Transparency on Trafficking and Slavery Act of 2015; (iii) Germany: Requirements out of the National Action Plan on ensuring Human Rights in the Supply Chain.

This means for suppliers, including, but not limited to:

- › implementation of reasonable procedures to minimize the risk of raw material use from conflict areas, contained in components, materials and/or products (e.g. by taking measures as described in OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas);

- › suppliers shall also promote in their supply chain a sustainable sourcing practice to avoid any violations of the requirements described above;
- › no use of prohibited and restricted substances ROHS- and REACH compliance is mandatory;
- › when supplying articles containing substances of very high concern (SVHCs) on the Candidate List in a concentration above 0.1% weight by weight (w/w) the supplier has to submit information on these articles to ECHA (SCIP database);
- › reporting of part material compositions/ material and safety data sheets.

## **6.2. USAGE OF ORIGINAL PARTS / COUNTERFEIT PARTS PREVENTION**

Kontron sources only original parts for its products and services and aims to ensure, that no counterfeit parts are used within its supply chain.

Suppliers shall implement and maintain effective methods and processes to identify and minimize the risk of counterfeit parts and materials being introduced into the supply chain relating to Kontron. If any incident within the supply chain is suspected or detected, procedures shall apply and be initiated to quarantine the product and all recipients of counterfeit products shall be informed properly.

## **6.3. SUSTAINABLE RESOURCES MANAGEMENT / WASTE REDUCTION / HAZARDOUS SUBSTANCES**

Supplier shall ensure to minimize and to possibly avoid waste of all types, e.g. the reduction of water consumption as well as to promote the reduced usage of energy, fossil fuels, minerals and other resources, including raw materials. Waste treatment shall be in accordance with environmental laws.

Suppliers shall advise and implement respective processes and procedures to identify, label, and instruct their employees on the safe handling, movement, storage, use, recycling or reuse, and disposal of chemicals, waste, and other materials posing a hazard to humans or the environment.

## **6.4. POLLUTION PREVENTION / ENERGY EFFICIENCY / RENEWABLE ENERGY**

Suppliers shall take appropriate measures to minimize their pollution, including carbon emissions and greenhouse gas emissions. The use of renewable energy sources, e. g. from photovoltaic systems or wind turbines, shall be encouraged over the use of non-renewable energy sources. Suppliers shall further focus on the efficient use of energy, water and raw materials.

## 7. ADHERENCE TO EXPORT, IMPORT AND TRADE CONTROLS

The importing and exporting of products and services are highly regulated. Kontron expects its suppliers to comply with all applicable export controls, laws and regulations in the countries in which they operate. Kontron expects from its suppliers, that the foreign trade regulations are carefully complied with when goods are traded or transported, services are provided, or other technical know-how or software is transferred, including regulations on EU and US sanctions lists are checked as well as an appropriate background-check regarding politically exposed persons and an appropriate documentation is made.

## 8. SUPPLIER'S SUPPLY CHAIN

Kontron expects its suppliers to use their best efforts to extend the principles embodied in this Kontron Supplier Code of Conduct to their suppliers and agents that are engaged in the production, supply and support of products or services for Kontron. Suppliers are recommended to ensure this by a properly documented risk-based due diligence for their own supply chain and that suppliers take suitable measures to ensure that their suppliers permanently meet the minimum requirements as laid down herein (e.g. by self-assessment requests, auditing). Suppliers might also use towards their supply chain their own code of conduct, provided the standards of the Kontron Supplier Code of Conduct are contained therein.

## 9. CONTROL MECHANISM

Kontron regularly monitors and evaluates supplier performance and, where appropriate, performance within its upstream supply chain. Kontron expects each supplier to be willing to continually improve its sustainability and complies with all requirements laid down in this Kontron supplier Code of Conduct and any update hereof. Kontron may request from time to time from their suppliers a self-assessment related to the requirements laid down in this Kontron Suppliers Code of Conduct. Kontron might also conduct regular, one-time and/or event-driven audits at supplier's premises and/or sites to monitor supplier's compliance. Kontron expects the best possible cooperation from its suppliers when they are asked to conduct audits or provide information, or when Kontron needs to conduct on-site inspections to meet the legal requirements imposed on Kontron or its affiliates.

Information on compliance performance and progress of improvements must be made available to Kontron on request. Suppliers shall notify Kontron as soon as reasonable, when suppliers become aware of existing violations of applicable laws, regulations and material requirements of this Kontron Supplier Code of Conduct provided that this violation can be considered to have material influence on Kontron's business and/or reputation.



## 10. CONSEQUENCES OF NON-COMPLIANCE

Kontron expects its suppliers to fully comply with the Kontron Supplier Code of Conduct. Kontron shall be informed immediately of any violations of the Kontron Supplier Code of Conduct.

Violations constitute a deterioration of the business relationship between Kontron and the respective supplier. In case of minor violations of the Kontron Supplier Code of Conduct, the supplier will be requested by Kontron to agree on a reasonable timeframe within which they will correct the deviation in consultation with Kontron. Suppliers shall provide evidence to Kontron that the violation has been corrected.

In particular, if a supplier discovers that a violation of a human rights-related or an environment-related obligation has already occurred or is imminent in its own business area or at a direct supplier, it must inform Kontron without undue delay. The Supplier and Kontron shall without undue delay agree on an appropriate remedial plan of action to avoid, terminate or minimize the extent of any violation.

In case of a significant breach as well as a violation of essential material principles (e.g. human rights) or if no measures have been taken to correct the breach(es) within a reasonable period of time as requested by Kontron, or if the measures taken were insufficient and the breach has not been remedied, Kontron reserves the right to terminate any agreements with the supplier with immediate effect.

## 11. REPORTING OF NON-COMPLIANCE AND CONCERNS

Everyone is entitled to report proven or suspected violations of compliance regulations. In case of (possible) violations in the supply chain against the above requirements, please get in contact via e-mail:

[compliance@kontron.com](mailto:compliance@kontron.com)

Another option is using our whistleblower platform, which is available on Kontron's website:

<https://compliance.snt.at>

All complaints can be submitted confidentially as well as anonymously at any time. All complaints will be investigated.

Suppliers shall establish a whistleblower tool themselves if required by applicable laws.

No reprisals or retaliation of any kind will be taken or tolerated against complainants.