

# Grupo AG supplier code of conduct

## 1 Purpose

Economic success and sustainable business are not contradictory but go hand in hand, better together.

The Grupo AG Supplier Code of Conduct outlines the minimum requirements to be met by our suppliers regarding fair business practices and ethics, labor practices, impact on the environment and health and safety performance.

## 2 Motivation for change

Full revision

Replaces version 3 - 2021-02-03

## 3 Scope

All Grupo AG suppliers

## 4 Terminology

**CPD:** Central Purchasing Department

**OECD:** Organization for Economic Co-operation and Development, an international organization that works to establish evidence-based international standards and build better policies for better lives.

**SEDEX:** A global membership organization that provides an online platform for companies to manage and improve working conditions in global supply chains.

**SMETA:** Sedex Members Ethical Trade Audit, a widely used social audit methodology that assesses labor standards, health and safety, environment, and business ethics in supply chains.

**Ecovadis:** A provider of business sustainability ratings, evaluating companies' environmental, social, and ethical performance through a comprehensive assessment.

**SBTs:** Science-Based Targets, corporate climate goals aligned with the latest climate science to limit global warming.

**Whistleblowing:** The act of reporting unethical or illegal activities within an organization to internal or external parties.

**CDP:** Carbon Disclosure project, a global non-profit organization that runs the world's environmental disclosure system for companies, cities, states, and regions to manage their environmental impacts.

**UNGPs:** United Nations Guiding Principles on Business and Human Rights, a framework for preventing and addressing the risk of adverse human rights impacts linked to business activities.

**ESG:** Environmental, Social, and Governance, criteria used to evaluate a company's operations and performance in terms of sustainability and ethical impact.

**Requirements:** The minimum practices, processes and conduct we expect from Grupo AG suppliers, and any non-compliance is not accepted.

**Expectations:** The additional actions we ask suppliers to strive for, joining us in building a truly sustainable supply chain.

## 5 Summary of responsibilities

Central Procurement: Update the policy, incorporating input from Group Compliance and Central Sustainability. Responsible for ensuring that the policy is implemented with our supplier base.

Purchasing Manager of each country: Responsible for overseeing the formulation of the policy.

Executive Team of Grupo AG: Responsible for the final approval of the policy.

## 6 The main principles of the Grupo AG supplier code

### 6.1 General

#### 6.1.1 Message from our Chief Executive Officer(CEO)

Dear Valued Supplier,

At Grupo AG, we believe that our success is deeply intertwined with the success of our partners. We are dedicated to creating a positive impact on the environment, society, and the economy. Together, we can build a sustainable future, ensuring that our value chain benefits all stakeholders, including our customers, employees, shareholders, and the communities we serve.

Sincerely,

Yves Kerstens

#### 6.1.2 Our Commitment to Suppliers

We are committed to fostering long-term, mutually beneficial relationships with our suppliers based on shared responsibility. We will support and facilitate you in achieving high standards of sustainability and ethical conduct, ensuring that together we can meet our collective goals. This may include providing resources, training, and guidance to help you improve your practices.

#### 6.1.3 Requirements and Expectations

Our supplier code of conduct includes minimum requirements along with additional expectations.

**Requirements** are the minimum practices, processes and conduct we expect from you as a Grupo AG supplier, and any non-compliance is not accepted.

**Expectations** are the additional actions we ask you to strive for, joining us in building a truly sustainable supply chain. These expectations are especially relevant for our (potential) key partners and preferred suppliers.

Depending on your industry and relationship with Grupo AG, the Expectations may have been agreed as mandatory individually. In these scenarios, the stricter agreement is valid.

#### 6.1.4 Legal Compliance

**Requirement:** Suppliers must adhere to all applicable local, national, and international laws and regulations, including those related to labor, environment, trade, economic sanctions, anti-trust and fair competition. This includes obtaining and maintaining all necessary permits, licenses, and registrations. Whenever there is a difference between the requirements in this code and local legislation, the stricter of the two must be applied.

#### 6.1.5 Management System

**Requirement:** Suppliers shall implement robust management systems to ensure compliance with the principles of this code. This includes establishing policies, procedures, and training programs that promote continuous improvement in sustainability and ethical performance. Suppliers should regularly review and update their management systems to address emerging risks and opportunities.

**Expectation:** Complete a 3<sup>rd</sup> party assessment (e.g. EcoVadis) annually to have your management system externally verified, progress tracked and shared transparently. Ensure your result remains above industry average and take actions based on identified gaps.

#### 6.1.6 Remediation Of Non-compliance

**Requirement:** Suppliers must promptly address any non-compliance issues self-identified or identified by Grupo AG and implement corrective actions. Suppliers must have mechanisms in place to identify and address potential non-compliance proactively e.g. whistleblowing or other grievance mechanisms that are communicated and promoted to their workforce, suppliers and other stakeholders.

Persistent non-compliance will result in termination of the business relationship.

#### 6.1.7 Speak Up!

We encourage value chain workers to report any concerns or violations of this Code through our confidential reporting channel. Reports can be made anonymously and will be treated with the utmost confidentiality. We are committed to protecting whistleblowers from retaliation.

**Requirement:** As a Grupo AG supplier, you must not hinder access to Grupo AG's speak up channel in any way and must also commit to protecting whistleblowers within your internal channels.

### 6.2 Environment

#### 6.2.1 Climate Change

**Requirement:** Comply with all environmental regulations and have goals to reduce greenhouse gas emissions supported by clear initiatives.

**Expectation:** Set Scope 1, 2 and 3 Science Based Targets (SBTs) with the ambition to reach net zero and disclose information on the status of your carbon reduction roadmap e.g. via EcoVadis and/or CDP reporting. Undertake life cycle analysis (LCA) to be able to share accurate information on the carbon intensity of your products.

#### 6.2.2 Circularity and waste management

**Requirement:** Properly manage and dispose of waste in compliance with applicable regulations. In the case of raw materials and packaging, be able to provide accurate information on recycled material content in accordance with ISO 14021.

**Expectation:** Adopt circular economy principles, aiming for zero waste to landfill, and enhance recycling and reuse practices. Suppliers should implement waste reduction strategies, such as designing products for durability, repairability, and recyclability.

### 6.2.3 Water Management

**Requirement:** Comply with water use regulations and manage water resources responsibly.

**Expectation:** Implement water-saving technologies and practices to minimize water consumption and pollution. Suppliers should develop water management plans that include measures for water conservation, reuse, and efficient treatment of wastewater.

### 6.2.4 Responsible sourcing of minerals

**Requirement:** Avoid sourcing high risk minerals from conflict sources and conduct due diligence to ensure legal and sustainable sourcing

**Expectation:** Engage in initiatives that promote the responsible sourcing of all raw materials and support transparency in the supply chain. Suppliers should implement traceability systems and collaborate with industry initiatives to improve sourcing practices.

### 6.2.5 Substances of concern

**Requirement:** Comply with regulations on hazardous substances.

**Expectation:** Proactively identify and phase out substances of very high concern, substituting safer alternatives where possible. Suppliers should maintain an inventory of hazardous substances and regularly review opportunities for substitution.

## 6.3 Social

### 6.3.1 Human rights

**Requirement:** Grupo AG is committed to respect human rights, as specified in the Grupo AG Human Rights Policy. We require our suppliers to comply with the International Human Rights Laws and Standards including the UNGPs and the OECD Guidelines, seek to prevent and avoid causing or contributing to adverse human rights and environmental impacts through business operations, address such impacts when they do occur, engage with affected rights-holders, and where possible, seek to prevent or mitigate adverse human rights impacts linked to its business via its relationships with third parties.

**Expectation:** Promote and protect human rights beyond compliance. Continuously improve human rights practices and share best practices with other suppliers and partners.

### 6.3.2 Child labor

**Requirement:** Prohibit child labor and ensure the minimum employment age is in accordance with local laws, but never less than 15 years. Employees under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

**Expectation:** Support educational opportunities for young workers.

### 6.3.3 Fair labor conditions, contracts wages and working hours

**Requirement:** Comply with laws on wages, benefits, working hours, and working conditions.

**Expectation:** Provide fair wages and benefits that exceed legal requirements and promote work-life balance. Suppliers should engage in regular dialogue with employees to ensure fair labor practices and address any concerns.

### 6.3.4 Health and safety

**Requirements:**

- **Compliance with Regulations:** Ensure a safe and healthy workplace, complying with all relevant health and safety regulations.

- **Risk Assessments:** Conduct risk assessments to identify potential hazards and implement controls.
- **Training:** Provide comprehensive health and safety training to all employees.
- **Personal Protective Equipment (PPE):** Ensure the availability and proper use of PPE for all employees.
- **Emergency Preparedness:** Implement and test emergency preparedness and response plans.
- **Contractor Safety:** Ensure contractors on site adhere to Grupo AG's Health and Safety guidelines.

#### Expectations:

- **Continuous Improvement:** Continuously improve health and safety practices, aiming for zero incidents.
- **Advanced Training Programs:** Develop advanced health and safety training programs focusing on proactive risk management.
- **Health and Safety Culture:** Foster a strong health and safety culture, encouraging personal responsibility for safety.
- **Well-being Programs:** Implement programs promoting overall well-being, including mental health support and stress management.
- **Ergonomics:** Enhance ergonomic practices to reduce the risk of musculoskeletal disorders.

#### 6.3.5 Non-discrimination

**Requirement:** Prohibit discrimination based on age, race, nationality, gender, disability, sexual orientation, religion, political affiliation, union membership, or any other form of classification stated in company policy or protected by applicable law. Suppliers shall have zero tolerance for harassment, intimidation or violence.

**Expectation:** Promote diversity and inclusion in the workplace, implement diversity and inclusion training and establish policies to support underrepresented groups, in line with applicable local requirements and regulations.

#### 6.3.6 Freedom of association and the right to collective bargaining

**Requirement:** Recognize and respect the right of employees to freely associate and bargain collectively. Suppliers should engage in constructive dialogue with employee representatives and support the formation of worker committees.

### 6.4 Governance

#### 6.4.1 Business integrity

**Requirements:** Prohibit corruption, extortion, embezzlement, fraud and bribery. Comply with all applicable anti-corruption laws and regulations. Grupo AG suppliers shall adhere to international trade, sanctions and export control regulations.

Grupo AG suppliers shall avoid conflict of interest situations in relationships with Grupo AG employees and must disclose these upfront to the best of their knowledge. Any supplier of Grupo AG shall maintain an unquestionable standard of integrity, which includes that no excessive gifts and meals, entertainment, travel, accommodation or other gratuities will be offered to Grupo AG employees or other business partners.

#### Expectations:

- **Prevent Corruption and Fraud:** Implement strict policies to prevent corruption, extortion, embezzlement, fraud, and bribery.
- **Promote Integrity and Transparency:** Foster a culture of integrity and transparency within their organization. Avoid conflicts of interest and maintain fair competition practices.
- **Implement Anti-Corruption Training:** Provide regular anti-corruption training to employees and establish clear reporting mechanisms for any unethical behavior.

#### 6.4.2 Protection of intellectual property

**Requirement:** Respect and protect intellectual property rights, including patents, copyrights, trademarks, and trade secrets. Suppliers must not use Grupo AG's intellectual property without prior consent. Suppliers should implement policies to safeguard intellectual property and prevent counterfeiting.

Suppliers shall not use the Grupo AG logo or publish Grupo AG as a reference customer in their online or printed communication tools without prior consent from Grupo AG.

Grupo AG maintains the right to cancel a given approval when the relationship with the supplier ends.

#### 6.4.3 Confidentiality and data privacy

**Requirement:** Protect confidential information and comply with data protection laws. Implement robust data privacy measures and ensure the confidentiality of all personal data.

**Expectation** Suppliers should conduct regular data privacy audits and provide training on data protection best practices.

#### 6.4.4 Information security

**Requirement:** Implement robust cybersecurity measures to protect Grupo AG's confidential, personal, and sensitive data, adhering to applicable laws and industry best practices. Implement strong authentication methods and least-privilege access controls to prevent unauthorized access to systems and data. Actively monitor, detect, and respond to cyber threats. Report any data breaches or security incidents affecting Grupo AG immediately.

**Expectation:** Conduct regular security assessments. Ensure subcontractors and vendors adhere to similar cybersecurity standards. Establish business continuity plan to ensure the uninterrupted operation of critical business functions in the event of a cyber-attack. Ensure employees handling Grupo AG's data undergo regular cybersecurity awareness training.

#### 6.4.5 Risk management

**Requirement:** Identify and manage risks related to ESG issues, including physical impact of climate change, implementing proactive measures to mitigate potential impacts. Suppliers should conduct regular risk assessments and develop mitigation and adaptation plans for identified risks. Actions in this area must be in accordance with local and industry-related requirements and regulations.

#### 6.4.6 Supplier chain monitoring

**Requirement:** Implement and communicate a Business Partner / Supplier Code of Conduct that aligns with the principles of this document. Openly and constructively support in the investigation of risks Grupo AG identifies in the upstream supply chain.

**Expectation:** Ensure upstream suppliers adhere to similar principles and conduct regular assessments to verify compliance. Suppliers should establish monitoring systems and conduct regular audits of within their supply chains in accordance with international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights.

#### 6.4.7 Documentation, monitoring & transparency

**Requirement:** Maintain accurate records to demonstrate compliance with this Code. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable. Grupo AG will monitor compliance through self-assessments, site visits, and follow-up on remediation plans. Transparency in reporting and continuous improvement are expected. Suppliers should provide regular reports on their sustainability performance and engage in open dialogue with Grupo AG. Any breach of this conduct must be promptly notified to Grupo AG by the supplier.

As a standard, on-site audits will be planned in cooperation between Grupo AG and the supplier. However, in case Grupo AG identified potential severe sustainability impacts, the supplier must permit an independent 3rd party auditor on site without warning.

**Expectation:** Proactively gain external assurance e.g. via a 3<sup>rd</sup> party SMETA audit.

## 7 Corrective actions

Grupo AG reserves the right to disengage from suppliers that do not meet the requirements of this Supplier Code of Conduct or who cannot provide or commit to an improvement plan.

## 8 References

SP-Q-45001-F00-BCQA: The Grupo AG Supplier Code of Conduct – Compliance Form