

Sustainability Guidelines for Suppliers

of

Hugo Kern und Liebers GmbH & Co. KG and Affiliated Companies

KERN-LIEBERS is aware of its economic, environmental and social responsibilities, and we are therefore committed to responsible corporate governance in compliance with the provisions of the German Supply Chain Act. You can find our policy statement at the KERN-LIEBERS website.

Building sustainable relationships with our suppliers is a matter of great interest to us, which is why we expect our suppliers to comply with applicable national laws and the KERN-LIEBERS sustainability guidelines in their business activities.

1. Approach to employees

We expect our suppliers to observe the fundamental rights of employees on the basis of the applicable national legislation. In addition, KERN-LIEBERS expects suppliers to observe the basic principles of the International Labour Organization (ILO), with due regard to the applicable laws and legal forms in the various countries.

1.1 Child labor

We call on our suppliers to adhere to the recommendation of the ILO conventions regarding the minimum age for the employment of children. Failure to do so will not be tolerated. The minimum age for employment is 15 years, unless the minimum age allowed by law is higher than 15 years.

1.2 Human rights

Suppliers respect and promote the observance of internationally recognized human rights and ensure that they in no way support the violation of human rights.

1.3 Forced labor and human trafficking

No forced labor, slave labor or work of a similar nature may be used. Participation in human trafficking and the use of violence is also prohibited.

1.4 Discrimination and equal opportunities

KERN-LIEBERS expects its suppliers to show no tolerance for any form of discrimination on the basis of gender, skin color, age, culture, ethnic origin, sexual orientation, disability, religious affiliation or ideology.

1.5 Occupational health and safety

Our suppliers comply with the relevant national legislation concerning a safe and hygienic working environment and ensure health and safety in the workplace.

1.6 Remuneration and working hours

With respect to the provision of remuneration and social benefits, suppliers observe the basic principles governing minimum wages, overtime and statutory social benefits. Working hours are determined in accordance with the applicable industry laws and standards or the relevant ILO conventions.

1.7 Freedom of association and collective bargaining

The right of workers to establish and join organizations of their choice and to bargain collectively must be respected by our suppliers in accordance with national law.

1.8 Protection against forced eviction and dispossession of land, use of security forces

The supplier undertakes neither to carry out unlawful forced evictions nor to unlawfully dispossess parties of land, forests or waters in the event of the acquisition, development or other use of such land, forests or waters. In addition, the supplier undertakes not to commission or make use of private or public security forces if, as a result of inadequate training or supervision on the part of the company, there is a risk that use of such security forces will violate the prohibition of torture and cruel, inhuman or degrading treatment, cause injury or loss of life or compromise the right to freedom of association.

2. Conduct in the business environment

2.1 Product safety

Products and services meet the agreed or legal standards in the area of product safety and at no time pose a threat to people or the environment.

2.2 Corruption and bribery

KERN-LIEBERS expects its suppliers to show no tolerance for corruption and to ensure compliance with anti-corruption laws.

2.3 Fair competition

Our suppliers undertake to comply with the laws governing the protection of free competition applicable to them, in particular the prohibition of cartels and the prohibition of abuse of a dominant market position.

2.4 Money laundering

Suppliers observed the legal provisions governing money laundering.

2.5 Avoidance of conflicts of interest

Conflicts of interest of a personal or institutional nature that jeopardize the primary interest will not be tolerated by KERN-LIEBERS. Suppliers of KERN-LIEBERS make their decisions on the basis of objective criteria.

2.6 Protection of intellectual property

Our suppliers respect the protection of intellectual property.

3. Environmental protection

3.1 Responsible use of resources

Our suppliers use natural resources sparingly and efficiently, work to protect the environment and adhere to the legal provisions governing environmental protection and nature conservation. They promote the development and dissemination of environmentally friendly technologies and processes.

3.2 Avoidance and reduction of environmental pollution

Our suppliers monitor polluting emissions and treat them before their release into the environment. To the extent allowed by the best available technology, all forms of emissions should be reduced to a minimum. Waste should be avoided or recycled wherever possible and its storage, transport, safe and environmentally friendly treatment and disposal should be properly organized. Materials used should be reused wherever possible.

3.3 Avoidance of hazardous substances

The supplier avoids the release of substances that may pose a risk to people and the environment. In addition, safe use and transport and safe storage, reprocessing, reuse and disposal of these materials are organized using a hazardous materials management system and verified for effectiveness on a regular basis.

3.4 Environmentally sound products

In the development of products and services, every effort should be made to conserve energy and natural resources. Products must also be suitable for reuse, recycling or safe disposal.

4. Conflict-free origin of minerals

There may be links between the production of raw materials and armed conflicts or gross violations of human rights which our suppliers must be aware of. If minerals are sourced from regions of conflict or high-risk areas, the guidelines setting out the duty of care for responsible supply chains for minerals from such regions must be followed.

4.1 Indigenous peoples and minorities

The rights of indigenous peoples and of local communities should be respected and protected throughout the supply chain in accordance with the United Nations Declaration on the Rights of Indigenous Peoples.

4.2 Animal welfare

For KERN-LIEBERS, it is a matter of great importance that business activities also consider the welfare of animals. Affected suppliers are therefore expected to implement standards and best practice methods that ensure compliance with animal welfare provisions throughout the supply chain. As a matter of principle, animal testing should be avoided, with preference given to alternative methods not tested on animals unless animal testing is required by law. In all cases, nationally and internationally applicable provisions governing animal welfare and animal testing, such as the German Animal Welfare Act, must be adhered to.

5. Management systems

KERN-LIEBERS will give preference to suppliers who actively operate a quality management system in accordance with IATF 16949, an environmental management system in accordance with ISO 14001, an energy management system in accordance with ISO 50001 or equivalent systems. Suppliers who do not operate management systems are encouraged to introduce them with a view to safeguarding and certifying the principles set out above.

6. Complaint management

Suppliers are responsible for establishing an effective complaint mechanism at the operational level for individuals and communities who may suffer any adverse impact. In addition, suppliers must ensure the protection of personal data during all phases of the process.

7. Supplier relationship

7.1 Subcontractors

Our suppliers communicate the requirements described here to their subcontractors and suppliers, and also make allowance for them in their selection process. In addition, suppliers encourage their subcontractors and suppliers to comply with the aforementioned standards governing human rights, working conditions, prevention of corruption and environmental protection within the framework of their contractual obligations.

7.2 Monitoring and burden of proof

KERN-LIEBERS reserves the right to verify the points set out above using measures such as voluntary disclosure by suppliers, submission of certificates and information provided by third parties or on-site audits. In addition, suppliers must inform KERN-LIEBERS of any events that are in conflict with the principles of these guidelines.

7.3 Mechanism in the event of non-compliance

In the event of any infringement of these guidelines, suppliers must expect an appropriate response from Kern-Liebers, up to and including immediate termination of the business relationship. The issues addressed in these sustainability guidelines constitute an essential prerequisite for the business relationship between the supplier and Kern-Liebers.

8. Contact and complaints

To report violations or suspected violations and infringements of the principles of the sustainability guidelines, business partners and their employees can use the KERN-LIEBERS complaints channel. Detailed Information in this regard can be found at the KERN-LIEBERS website.