

# CoC Suppliers

## INTRODUCTION

The Code of Conduct for Suppliers and Third-Party Intermediaries clarifies how Allgon's suppliers should act as a business partner, employer, and social actor. The Code of Conduct applies to all subcontractors involved in the value chain. Allgon's Code of Conduct is based on the 10 principles in the UN Global Compact. Our suppliers play a central part in our sustainability journey as we can never succeed without them.

The Code of Conduct applies to all Suppliers and/or Third-Party Intermediaries conducting business relations with any of the companies within the Allgon Group.

### **1. THE OBLIGATION TO INFORM AND SIGN**

As a supplier to Allgon you have an obligation to sign this document to acknowledge that you are aware of our Code of Conduct for Suppliers and Third-Party Intermediaries, as well as forthcoming revisions. When signing this document, you also agree to the terms of commitment and actions described in the Code of Conduct. Suppliers shall ensure that all requirements in the Code of Conduct are fulfilled, and we encourage the suppliers to withhold the same standard regarding our ambitions, to work proactively in their supply chain beyond direct suppliers. The Supplier must be able to, per request provide Allgon with information regarding subcontractors.

The Code of Conduct is an open document and shall be accessible via our website. The Code of Conduct is provided and signed by our direct suppliers and third-party intermediaries, the parties are also responsible for distributing the code to their subcontractors. We are prepared to clarify the content and associated requirements in this document if so required.

### **2. LEGAL REQUIREMENTS**

Legal compliance is a fundamental baseline of all businesses. The supplier must operate in full compliance with all laws and regulations applicable to its business. All legally required permits, approvals, licenses, registrations, inspections, and related reports and/or documents shall be in place, up to date and available for inspection upon request. Should any of the requirements in this Code of Conduct run counter to the laws of a nation or territory, the local laws in effect shall take precedence. However, it is important to understand that our requirements are not restricted to the requirements of national law.

### **3. HUMAN RIGHTS**

**Human rights violations:** The supplier shall support, and respect internationally proclaimed human rights, and make sure that it is not complicit in human rights violations. The supplier shall also assess the risk of causing, contributing to or being linked to human rights violations.

**Forced labour:** The supplier shall not engage in or benefit from any forms of modern slavery or forced labour, including involuntary prison labour, and servitude.

**Child labour:** Allgon does not accept child labour in our supply chains. The supplier shall not engage in or benefit from, the use of child labour, in accordance with the ILO convention 138. The Supplier shall not employ persons younger than 15 (or younger than the legal age for employment, if higher than 15). We will cease cooperation with partners who do not share our policy in relation to child labour.

We are aware that child labour exists and acknowledge that it cannot be eliminated by adopting rules and carrying out inspections. Nevertheless, in our view, even if child labour is permitted under the local laws of a nation, a child has the right not to be exploited for the purposes of financial gain. The supplier shall recognise the rights of young labour to be protected from economical exploitation and from work which may entail risk or interfere with their education or pose a risk to their mental or physical health as well as their spiritual, moral, and social development.

#### **4. Employee rights**

**Discrimination:** No employees shall be discriminated against, e.g., based on their sex, race, colour, age, pregnancy, sexual orientation, religion, political opinion, nationality, ethnic origin, disease, disability or similar.

**Organisation:** All employees shall be entitled to a written employment contract stipulating the employment terms and conditions. The Supplier shall fully respect and recognize the employees right to form or join any associations of their own choosing, and to bargain collectively.

**Wages:** The Supplier shall pay at least the statutory minimum wage, or the wage negotiated in an applicable collective agreement, whichever is higher. The Supplier shall pay the wage regularly and on time. All types of legally mandated benefits and compensations shall be paid, e.g., for overtime. No unfair deductions shall be made.

**Working-hours:** The Supplier shall ensure that the ordinary working hours do not exceed the legal limit. Employees shall not be required to work more than 48 hours per week on a regular basis. Overtime hours shall not exceed applicable law. Employees shall be entitled to at least one

#### **5. Ethics**

**Anti-corruption:** The supplier shall not engage in, nor tolerate, any form of corruption, black mail, embezzlement, or bribery. The Supplier shall not offer, nor accept, any benefits or other means to obtain any improper or unfair advantage. The Supplier shall never allow a third party to engage in corrupt practices on the Supplier's behalf.

**Fair competition:** The Supplier shall not enter into discussions or agreements with competitors concerning pricing, market sharing or other similar activities which could have anti-competitive effects.

**Money laundering, terrorist finance, financial and/or environmental crime:** The Supplier shall take preventive actions and perform adequate due diligence(s) to avoid being part of or facilitating money laundering, terrorism financing, other financial and/or environmental crime. This implies choosing ethical subcontractors, that do not have a practice of business that contributes to significant social and/or environmental damage, e.g., systematic devastation of threatened ecosystems (e.g., The Amazon Rainforest or marine ecosystems).

**Export control:** The Supplier shall comply with applicable international sanction programmes issued by the European Union and the United Nations and other applicable export control laws. The Supplier shall if requested, supply Allgon with Export Control Classification Number (ECCN) and Country of Origin (CoO).

**Conflict of interest:** Any conflicts of interest must be addressed and handled to ensure everyone is treated fairly, shows mutual respect, encourages team spirit, and avoids the intention of carrying out, or awareness of unethical or compromising activities.

**Responsible raw material sourcing:** The Supplier should be committed to avoiding sourcing raw materials from conflict affected and high-risk areas, and uncertified practice of extractions. The suppliers should consider social and environmental aspects when managing their raw material suppliers. Suppliers shall exercise adequate due diligence(s) as specified in OECD Due Diligence Guidance, for more information visit: <https://www.oecd.org/corporate/mne/mining.htm> . The sustainable sourcing of any raw materials can build strong, long-term relationships throughout the supply chain whilst improving social, environmental, and ethical issues. The Supplier must be able, per request to present from which geographical location and which supplier (eg smelter) that the raw material in Allgon's products is sourced from.

## **6. Workplace safety**

**Work environment:** The Supplier shall ensure and maintain a safe and healthy workplace for all individuals. This includes keeping a clean and productive environment, including clean toilets. The supplier shall continuously carry out risk assessments and consider specific company and industry risks and take preventive actions towards the identified risks. Employees must have the right to refuse a work

situation if they reasonably believe that it presents an imminent and serious risk to their health and safety. The Supplier shall track and report occupational incidents and injuries.

**Fire safety:** Buildings must have clearly designated evacuation routes, with emergency exits preferably located on all floors. All employees shall be informed about safety regulations in the building, such as emergency exits, fire extinguishers, first aid kits, etc. There must be an evacuation plan on each floor, and the fire alarm must be tested regularly. Evacuation drills must be carried out on a regular basis.

**First aid:** The Supplier shall ensure that first aid equipment is provided in every office or building in use, and that at least one person in each department has undergone basic first aid training.

## **7. ENVIRONMENTAL FACTORS**

**Environmental management:** Suppliers must establish and maintain a risk-based approach to reduce and/or minimize any negative environmental impact from their activities, products, and services. An environmental management system according to ISO 14001 or similar system shall be in use as applicable. Suppliers must control, measure, document and plan their work to minimize the environmental impact of their business in at least the following areas: Greenhouse gas (GHG) emissions, chemicals and hazardous substances, waste, consumption of raw materials, and energy consumption. Allgon encourages Suppliers to set GHG emission reduction targets in line with the Paris Agreement, supported by Science Based Targets. Allgon reports GHG emissions according to the GHG protocol. The supplier must be able to, per request provide Allgon with data regarding GHG emissions according to the GHG protocol.

**Packaging and transportation:** When transporting goods to Allgon, the Supplier must track, and document emissions caused by transportation, this is within the requirement of providing GHG emissions to Allgon. The Supplier shall monitor, track, and document the composition of their packaging material which becomes waste and/or is reused within Allgon to facilitate steps towards circular economy, by e.g., utilizing non-complex materials and/or recycled materials and/or materials for which there are locally established recycling markets available.

**Product development:** The Supplier shall use an energy efficient and recyclable design approach to minimise waste of all types and to takes steps towards circular economy. In product development a life cycle perspective should be applied, where environmental aspects such as choice of material and design should be regarded. Please note that 80% of a products climate impact is decided upon in the product development design phase.

## **8. Report of misconduct**

The Supplier shall promptly notify Allgon of any non-compliance or suspected non-compliance of this Code of Conduct, either caused by the Supplier or its subcontractors. The reporting of non-compliance and/or misconduct is very important. As a supplier to Allgon, the supplier has an obligation to inform and encourage their employees to report misconducts. Failure to notify Allgon of such non-compliance and/or misconduct is seen as a breach of this Code of Conduct. The reporting of misconducts can be made in Allgon's whistleblowing tool, for more information visit: <https://allgon.se/en/whistleblowing/> . In the case of misconducts, Allgon is entitled to demand that the Supplier takes corrective measures, within a reasonable time frame. In addition, a breach of this Code of Conduct that is of non-rectifiable nature, is seen as a breach of any contract(s) between Allgon and the Supplier, which enables Allgon to cease cooperation and to terminate such contract(s).