



Guideline Sustainable Procurement of the Körber Business Area Technologies

Valid from January 01, 2021

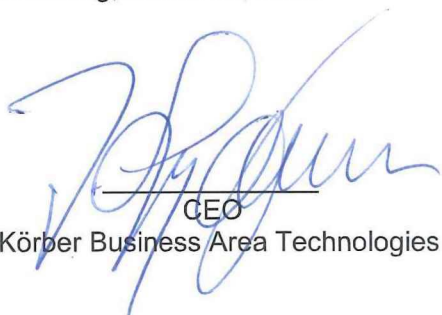
Responsible: Head of Global Supply Chain Management (SCM)

Change History

Date	Change	Kind of Change	Responsible
Aug. 25, 2022	Re-Branding	Layout	J. Poppen
Aug. 25, 2022	Adaptation "Applicable documents"	Addition	J. Poppen
Mar. 09, 2023	Addition „Climate Protection”, "Whistleblower Channel"	Addition	J. Poppen

This guideline was adopted and approved by the Management Board and the Executive Board of the Körber Business Area Technologies with retroactive effect from January 01, 2021.

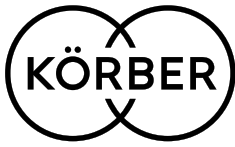
Hamburg, March 09, 2023



CEO
Körber Business Area Technologies



Head of
Global SCM



1 Introduction

As a leading global provider of technologies and technical services for the international tobacco industry, we bear responsibility for our economic, ecological and social activities in Germany, Europe and around the world.

With sustainable business practices, the Körber Business Area Technologies contributes to the future of our companies, our employees, our customers and partners, and our society. We work towards long-term corporate success while protecting the natural resources of current and future generations.

To this end, the Körber Business Area Technologies has committed itself to six values:

- Respect for human and labor rights
- Customer satisfaction
- Innovation
- Connecting people & knowledge
- Responsibility
- Future orientation

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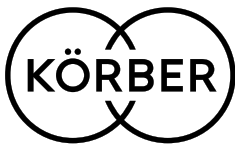
These values give us orientation. They are the yardstick by which we measure our own behavior and by which we allow others to measure us. Our values describe our standards, our attitude and define the principles and limits of our actions. They help us to achieve optimal customer benefit and long-term business success. We use them to shape the future. We live them every day. In particular, the corporate value "responsibility" underlines the high importance of sustainability for us and is an integral part of our self-image.

Of course, sustainability does not happen by itself. We, as the Körber Business Area Technologies, have to take care of it by defining concrete goals and implementing appropriate measures. To live up to our responsibility for a future worth living, we developed a sustainability program in 2010 and made it an integral part of our corporate strategy.

The sustainability program of the Körber Business Area Technologies comprises five fields of action: Products, Employees, Environment, Society and Commitment. In each of these fields, we are working on the sustainability of our company with a variety of projects and activities.

Ethical conduct and sustainability in the sense of legal, economic, ecological and social responsibility are of great importance to the Körber Business Area Technologies. This also includes long-term, trusting and legally compliant supply and service relationships with all our suppliers and service providers. The Körber Business Area Technologies procures raw materials, goods and services from suppliers at all locations in order to ensure the sustainable success of both the company and its customers with its products. Suppliers thus make an important contribution to our products and our business operations as a whole and thus play a major role in the realization of our sustainability goals.

With this guideline for sustainable procurement, the Körber Business Area Technologies sets binding guidelines for all process participants to observe sustainability aspects when purchasing goods and services. The ecological and social standards defined in the guideline as well as the corporate governance criteria reflect the Körber Business Area Technologies' claim to the corporate responsibility of its service providers and suppliers. Thus, the Körber Business Area Technologies also actively influences the sustainable orientation of suppliers and service providers through its purchasing decisions.



The aim is to systematically promote sustainable development in all procurement processes. The criteria and rules of conduct formulated below are intended to make the observance of sustainability aspects practicable for all those involved in the process. Last but not least, the guideline also aims to raise awareness among all employees, as sustainable further development of our sustainability program can only be achieved with the participation of as many employees as possible.

The guideline "Sustainable Procurement of the Körber Business Area Technologies" supplements the overarching Code of Conduct for Suppliers of Körber AG as well as the Purchasing Guideline of Körber AG and describes which focal points are set and pursued with goals for the further development of the global purchasing organization.

2 Scope

The regulations made by the Global Supply Chain Management (SCM) of the Körber Business Area Technologies are binding for all units of the Körber Business Area Technologies worldwide.

For subsidiaries in Germany and abroad, this guideline serves as a framework for internal company regulations that are made against the background of company-specific circumstances. Deviating regulations require prior coordination with the Global SCM of the Körber Business Area Technologies. These must not contradict the principles of this guideline.

3 Applicable Documents

- [Code of Conduct for Suppliers of Körber AG](#)
- [Group Guideline Sustainability in P&SCM](#) #
- [Compliance and Code of Conduct of Körber AG](#)
- [Policy Statement of the Körber Group on Human Rights and Environmental Risks](#)
- Purchasing Guideline of Körber AG (internal document)
- [Corporate Values of the Körber Business Area Technologies](#)
- [Anti-Counterfeiting Policy of the Körber Business Area Technologies](#)
- [Fields of Action Sustainability of the Körber Business Area Technologies](#)

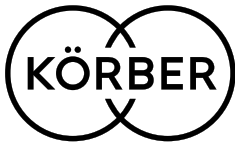
4 Governance

4.1 Internal

Our conduct must always comply with our principles and corporate values, legal regulations and social norms. This applies in all countries in which we are active. Compliance with external and internal rules is mandatory for all employees of the Körber Group. This attitude is summarized in the Code of Conduct for Managers and Employees of Körber AG ([Code of Conduct](#)).

4.2 External

In its principles and corporate values, the Körber Group is committed to complying with all applicable laws and implementing high ethical standards. In this regard, the Körber Group is guided in particular by the Universal Declaration of Human Rights and the principles of the United Nations Global Compact. We expect our suppliers to share these principles. The Körber



AG Supplier Code of Conduct describes the minimum requirements for meeting our standards ([Supplier Code of Conduct](#)).

By accepting orders from the Körber Business Area Technologies, suppliers undertake to comply with the minimum requirements set out in the Code of Conduct for Suppliers.

5 Fundamentals of Social Standards

The Körber Business Area Technologies respects human and personal rights worldwide as fundamental rules of the community. In defining the content of human rights, the Körber Business Area Technologies refers to the internationally accepted human rights standards, which include the [UN International Bill of Human Rights](#) and the [ILO Core Labor Standards](#). In accordance with the [UN Global Compact](#), the Körber Business Area Technologies is committed to:

- Respect human rights,
- Promote their observance within their own sphere of influence and ensure that human rights violations are not supported by their own business activities,
- Uphold the freedom of association and the effective recognition of the right to collective bargaining,
- Advocate for the elimination of all forms of forced labour,
- Advocate for the abolition of child labour; and
- Work for the elimination of discrimination in employment and occupation.

5.1 Specific Social Requirements for Suppliers of the Körber Business Area Technologies

The Körber Business Area Technologies also expects its business partners to respect and comply with human and personal rights. In order to contribute to the promotion and protection of these rights, the Körber Business Area Technologies makes use of the many opportunities that arise in its cooperation with suppliers and service providers. Compliance with social standards by suppliers and service providers is therefore an integral part of the standards for sustainable procurement.

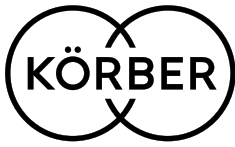
All suppliers and service providers who do business with the Körber Business Area Technologies undertake to comply with the specific social requirements and, for their part, to oblige their own suppliers and service providers to comply with the corresponding requirements. Compliance with social standards within the framework of the ILO Core Labor Standards is the subject of regular supplier discussions.

5.1.1 Free Choice of Work

Suppliers and service providers must not force anyone to work and must not allow any form of involuntary work to be performed. The withholding of passports is prohibited. Compliance is monitored on a sample basis by the Körber Business Area Technologies.

5.1.2 Prohibition of Child Labor

Suppliers and service providers shall not employ children below the minimum age set by the International Labor Organization or national laws. The highest minimum age specified in each case shall apply.



5.1.3 Ban on Undeclared Work

Suppliers and service providers may not have any form of undeclared work performed. The Körber Business Area Technologies expects sales or income tax and social security contributions to be paid in accordance with the applicable statutory regulations.

5.1.4 Prohibition of Discrimination

Suppliers and service providers must commit to equal opportunities and equal treatment of their employees. No one may be discriminated against or harassed on the basis of skin colour, ethnic or national origin, language, disability, sexual orientation, gender, pregnancy, age, religion, political orientation or for any other reason.

5.1.5 Work Compensation

Suppliers and service providers must provide fair wages and benefits that comply with all applicable laws and comply with applicable local and industry practices.

5.1.6 Working Time

Suppliers and service providers must ensure that their employees do not exceed the locally applicable legal maximum limit on working hours if this is within the ILO Core Working Time standards.

5.1.7 Freedom of Association

Suppliers and service providers shall respect, within the applicable legal framework, the right of their employees to form and join free associations, to exercise employee representation and to bargain collectively. Employees who are active in trade unions or employee organizations shall not be disadvantaged or favored in any way.

5.1.8 Humane Treatment

The Körber Business Area Technologies expects suppliers and service providers to respect the dignity, privacy and personal rights of their employees and to provide a workplace that does not compromise the physical or mental integrity of any individual. Sexual harassment or abuse, intimidation, bullying and corporal punishment will not be tolerated in any way.

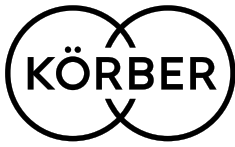
5.1.9 Health and Safety

Suppliers and service providers must assume responsibility for the health and safety of their employees. The Körber Business Area Technologies expects suppliers and service providers to ensure a safe and healthy working environment and to take appropriate measures to prevent accidents and occupational illnesses.

5.1.10 Avoiding the Use of Conflict Minerals

The trade in certain raw materials, such as tin, tungsten, tantalum and gold from high-risk countries can contribute to the financing of armed groups and thus to extreme acts of violence and human rights violations (see also [EU Regulation on Conflict Minerals](#)). The goal of the Körber Business Area Technologies is to ensure that only raw materials are used in products and components whose extraction, transport, trade, processing or export contributes neither directly nor indirectly to the financing of conflicts and human rights violations.

The suppliers of the Körber Business Area Technologies support activities that ensure the responsible procurement of raw materials. The procurement and use of raw materials that have



been obtained illegally or through ethically reprehensible or unreasonable measures are to be avoided. The use of conflict minerals or other raw materials affected by embargoes or other import restrictions shall be excluded. Suppliers are therefore obliged to identify these raw materials in manufactured products in the supply chain and to disclose the origin to sources of supply of the raw materials they use.

6 Basics of Ecological Standards

In line with the UN Global Compact, the Körber Business Area Technologies has committed itself to this:

- To follow the precautionary principle in dealing with environmental problems,
- To take initiatives to promote greater environmental awareness and to
- Accelerate the development and diffusion of environmentally friendly technologies.
- Define and implement measures to fight climate change. #

As part of our sustainability activities, we pursue far-reaching activities to improve ecological aspects. Our commitment to (operational) environmental protection does not end with the internal processes of the Körber Business Area Technologies, but includes cooperation with suppliers and service providers along the entire supply chain.

For all businesses and our societies, climate change is a growing concern. Greenhouse gas emissions can only be reduced by working together in the supply chain. KTE is committed to achieving CO₂ reductions in all three scopes by 2030 in accordance with SBTi. KTE is working with its suppliers to create transparency and realise reduction potential. #

The Körber Business Area Technologies therefore expects all service providers and suppliers to comply with legal norms and standards of environmental protection and to continuously improve environmental protection. Service providers and suppliers of the Körber Business Area Technologies undertake to demand and promote compliance with environmental standards along their own supply chains.

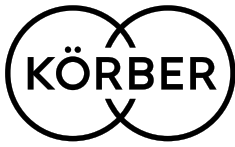
In major procurement projects (where applicable), ecological aspects (energy consumption, disposal costs, etc.) are included in the selection decision.

With the same performance characteristics and costs, sustainable products and services are generally preferable. For this reason, service providers and suppliers are asked to comply with the following quality and environmental management standards when issuing invitations to tender:

- EN ISO 9001 Quality Management Systems
- EN ISO 14001 Environmental Management System
- EN ISO 50001 Energy Management System
- EN ISO 45001 Occupational Health and Safety Management System

7 Control and Consequences of Non-Compliance

Criteria of this guideline are included in the context of supplier selection and auditing. If potential new suppliers or service providers do not meet the minimum requirements, this will lead to exclusion from entering into a possible business relationship.



For existing suppliers, compliance with the minimum requirements can be checked at any time or on a situational basis as part of the supplier management process (supplier visits, supplier talks, supplier assessment, supplier audits, etc.).

If a supplier does not meet the minimum requirements of this guideline, a step-by-step escalation will take place via the responsible supplier manager and, if necessary, the management of the respective purchasing unit of the Körber Business Area Technologies and/or the Global SCM of the Körber Business Area Technologies. Depending on the severity of the violation or if reported misconduct is not remedied by the supplier within a reasonable period of time, this may lead to the termination of the business relationship.

8 Priorities and Goals of Sustainable Procurement in the Körber Business Area Technologies

The Körber Business Area Technologies strives to continuously develop and improve sustainable procurement. In this context, the guideline is constantly being further developed and, if necessary, additional accompanying documents are published. Furthermore, the implementation of this guideline and the achievement of defined targets is monitored with appropriate reporting and reviewed at least every six months in the Purchasing Managers' Meeting of the Körber Business Area Technologies. In addition, the corresponding results are communicated publicly in the Sustainability Report.

9 Transparency und Whistleblowing

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The Körber Group consistently follows up on reported indications of possible misconduct.

In order to be aware of possible violations of our code of conduct in the first place, the company relies on the concrete reporting of possible misconduct by employees, business partners and third parties. If suppliers have any questions about the Code of Conduct, they can contact the responsible purchaser in their business unit or Group Purchasing.

If employees, business partners or third parties become aware of possible misconduct by employees of the Körber Group or by employees of our business partners while working with them, they can report this directly to a purchaser or anonymously via the Körber Group Compliance Portal <https://www.koerber.com/en/compliance-and-code-of-conduct/reporting-of-compliance-violations>.

10 Entry into Force and Periodic Review

The guideline on sustainable procurement will come into force on January 01, 2021

The document is reviewed at least once a year in the Steering Committee Purchasing of the Körber Business Area Technologies and revised if necessary.