

# Supplier Code of Conduct

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**n@klar**  
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**Basic Information**

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**Responsibilities & distribution**

Revision & Ownership of the document Global Procurement Director  
 Distribution of the document by Procurement Engineer  
 Responsibilities of execution / use Supplier panel  
 Must acknowledge xxx  
 Detailed distribution list Supplier panel

**Scope & Trainings**

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Scope – Mark with cross (X) ☒ HQ ☐ TRS ☐ ZM ☐ WX ☐ SMA  
 Document affect local Operators no  
 Trainings needed Choose  
 Who will be trained xxx  
 Responsible for enhancing training: xxx (role / position)

**Change history (mandatory field)**

Issue	Date	Change	Responsible
1	25/03/25	New document	P. Garrido

## SQD

## INDEX

0. Introduction .....	4
1. Fair Labor Conditions and Social Responsibility .....	4
1.1. Human Rights Compliance .....	4
1.2. Healthy and Safe Working Conditions.....	4
1.3. Non-Discrimination and Diversity, Equity & Inclusion .....	4
1.4. Fair Wages and Dignified Economic Conditions.....	5
1.5. Freedom of Association and Union Rights .....	5
1.6. Modern Slavery and Forced Labor.....	5
1.7. Right of Minorities and Indigenous Peoples .....	5
1.8. Child and Forced Labor .....	6
1.9. Labor Rights, Employee Protections, and Transparency .....	6
1.10. Security Forces and Human Rights.....	6
2. Environment and Sustainability.....	6
2.1. Climate Change and Greenhouse Gas (GHG) Emissions .....	6
2.2. Efficient Use of Natural Resources and Biodiversity Conservation .....	6
2.3. Prohibited Substances, Materials, and Chemical Safety .....	7
2.4. Circularity, Sustainable Resources, Waste Reduction, Reuse, and Recycling.....	7
2.5. Compliance with Environmental Certifications.....	7
3. Governance and Business Ethics .....	7
3.1. Regulatory Compliance and Transparency .....	7
3.2. Financial Responsibility .....	7
3.3. Sanctions, Export Control, and Foreign Trade Compliance.....	7
3.4. Transport Control and Prevention of Human Trafficking.....	8
3.5. Anti-Corruption and Anti-Bribery Practices .....	8
3.6. Fair Competition (Antitrust Law).....	8
3.7. Conflict of Interest and Ethical Compliance .....	8
3.8. Due Diligence and Risk Management .....	8
3.9. Conflict Minerals and Supply Chain Transparency .....	8
3.10. Data Security, Cybersecurity, and Protection of Confidential Information .....	8
3.11. Whistleblowing Channel.....	9
3.12. Compliance with Global Governance Standards .....	9
4. Sustainable Purchasing and Supply Chain Responsibility.....	9
4.1. Supplier Selection Based on Sustainability Performance .....	9
4.2. Extension of Code of Conduct to the Supply Chain.....	10
4.3. Supplier acknowledge.....	10

SQD

## 0. Introduction

NEKLAR Group (Neklar) requires that all Procurement activities fully comply with this Supplier Code of Conduct (SCC). This SCC serves as a foundational document to establish clear expectations and standards for suppliers of parts and services, as well as their sub-suppliers.

Its purpose is to build trust, ensure compliance, and align supplier operations with Neklar's sustainability and ethical priorities.

## 1. Fair Labor Conditions and Social Responsibility

### 1.1. Human Rights Compliance

At Neklar, we expect suppliers to align with the UN Guiding Principles on Business and Human Rights, ensuring that their operations respect and protect human rights, while taking steps to prevent any adverse impacts on employees, communities, and other stakeholders in their supply chain.

### 1.2. Healthy and Safe Working Conditions

Suppliers should demonstrate a commitment to reducing work-related injuries and illnesses by continuously improving occupational health and safety practices in alignment with national and international regulations.

Compliance with standards such as ISO 45001 (Occupational Health and Safety Management Systems) ensures the implementation of effective health and safety measures within operations. Partners are expected to maintain effective H&S policies and procedures, adopt a continuous improvement approach, and provide training on equipment use, manual handling, fire safety, emergency response, first aid, and other relevant risks.

Protective equipment must be provided at no cost to employees, ensuring worker exposure to hazards from physically demanding tasks (such as manual handling, heavy lifting, repetitive tasks, and prolonged standing) is assessed and controlled. Any safety concerns related to products should be promptly communicated, along with suggested improvements to product safety.

### 1.3. Non-Discrimination and Diversity, Equity & Inclusion

An inclusive and equitable environment must be promoted, ensuring equal opportunities for all employees without discrimination based on gender, age, race, religion, sexual orientation, disability, political affiliation, union membership, national or social origin, marital status, or any other characteristics protected by law. Discrimination in hiring, promotions, rewards, access to training, job assignments, wages, benefits, discipline, termination, or retirement is prohibited.

Employees must not be subjected to disproportionate or inhumane treatment, including sexual harassment, sexual abuse, physical reprimands, or any form of physical or mental abuse. The threat of such treatment is also prohibited. Equal opportunities should be provided for all, including equal pay for equal work, regardless of gender.

Partners must ensure that all practices are aligned with the principles of equality and non-discrimination and foster a work environment where diversity is valued and respected.

## SQD

#### 1.4. Fair Wages and Dignified Economic Conditions

Statutory wages must be paid in accordance with local laws, ensuring that compensation is sufficient to meet the basic needs of employees and their families. Working hours, including overtime, should comply with applicable legislation, with overtime being voluntary and paid accordingly. Breaks and periodic days off should also be provided in line with local requirements.

Compensation practices must be transparent, fair, and aligned with both local laws and international standards. Employees must be informed of how their wages are determined, and wages should meet at least the local minimum wage, considering living costs and social security benefits to ensure a decent standard of living.

#### 1.5. Freedom of Association and Union Rights

Suppliers must uphold respect for the freedom of association and the right of employees to form unions, join employee representative bodies, and participate in collective bargaining without retaliation. This includes ensuring that employees can freely seek representation in accordance with local laws and regulations.

Where employee representation exists, representatives should not be subject to discrimination and must have access to their members in the workplace, with adequate space to perform their duties effectively and without interference.

If the right to freedom of association or collective bargaining is restricted by law, alternative mechanisms should be provided to allow employees to express their views to management, ensuring their opinions are considered.

#### 1.6. Modern Slavery and Forced Labor

Forced or compulsory labor, modern slavery, and human trafficking are strictly prohibited. All labor must be voluntary, and employees must be free to end their employment with reasonable notice as per local law.

Forced labor includes practices such as restricting movement, withholding wages or identity documents, imposing debt bondage, in-kind payment dependency, deprivation of basic needs, compulsory overtime, or threats of penalty (ILO Conventions 29, 105, and Protocol 2014 to C29).

Suppliers must ensure employees understand their rights regarding wages, overtime, and identity document retention. Special attention must be given to vulnerable groups, including migrant workers, those facing historical discrimination, and young or illiterate employees.

Ethical Recruitment Principles:

- No withholding, destroying, or denying access to identity documents.
- No recruitment fees paid by employees.
- Labor contracts must be in a language understood by the employee.

If third parties are involved in recruitment, suppliers must ensure they comply with these principles.

#### 1.7. Right of Minorities and Indigenous Peoples

The Rights of Minorities, particularly ensuring that Indigenous peoples, vulnerable groups, and local communities have access to decent living conditions, must be respected. Active contributions to social development and upholding human rights throughout operations are required.

## SQD

### 1.8. Child and Forced Labor

Children under the minimum legal working age must not be employed. Employees under eighteen (18) years of age are prohibited from carrying out hazardous work, night work, or overtime. Their health, safety, and well-being must be protected. Compliance with national and international child labor standards, including ILO Conventions 138 and 182, is mandatory.

### 1.9. Labor Rights, Employee Protections, and Transparency

Suppliers must comply with national labor laws regarding mandatory social protections, including health insurance, sick leave, and maternity/paternity leave, as well as international labor standards established by the International Labor Organization (ILO). These protections must be provided in accordance with the legal requirements of the country where employees are based. Additionally, suppliers are encouraged to conduct regular audits to ensure compliance with labor standards and demonstrate transparency in their labor practices.

### 1.10. Security Forces and Human Rights

The use of private or public security forces to safeguard operations should be avoided if their deployment could result in human rights violations due to inadequate training or lack of proper control. Security measures must comply with human rights standards, and security personnel must be trained in non-violent conflict resolution and respect for labor and human rights.

## 2. Environment and Sustainability

### 2.1. Climate Change and Greenhouse Gas (GHG) Emissions

The goal is a carbon-neutral supply chain by 2050. Partners must set targets aligned with the Paris Agreement for Scope 1, 2, and 3 emissions, track progress, and implement measures to improve energy efficiency and increase renewable energy use.

Upon request, suppliers are encouraged to support CO<sub>2e</sub> targets for materials and components agreed in the sourcing process and transition to CO<sub>2e</sub>-neutral products in the medium term. This information should be congruent with ISO 14064.

Offsetting emissions should be considered, when necessary, in line with the Paris Agreement and UN climate goals.

### 2.2. Efficient Use of Natural Resources and Biodiversity Conservation

Suppliers must ensure a deforestation-free supply chain, preventing deforestation and forest degradation, and comply with regulations such as the EU Deforestation Regulation (EUDR). Operations should minimize negative impacts on land use, ecosystems, and biodiversity, protecting natural ecosystems and avoiding forest degradation.

Noise control measures should be implemented to minimize disturbances to communities and ecosystems, ensuring compliance with local and international regulations. Likewise, air emissions must be monitored and controlled, with management plans in place to ensure compliance with regulatory requirements.

Water resources should be preserved through impact assessments of water stress and integrated into business plans. Suppliers must measure and monitor water consumption and quality, develop water assessments, set reduction objectives, and implement efficient conservation projects. A risk assessment of flooding potential should also be performed.

## SQD

Efficient soil management is required to prevent erosion, degradation, subsidence, and contamination, where applicable.

Suppliers must uphold ethical treatment of animals, ensuring compliance with animal welfare regulations and industry best practices.

### 2.3. Prohibited Substances, Materials, and Chemical Safety

Suppliers must identify and manage hazardous chemicals and materials to ensure their safe handling, storage, use, recycling, or disposal, in compliance with national and international regulations like REACH. The use of hazardous substances should be minimized, and safer alternatives prioritized. Suppliers must disclose the use and origin of certain substances and ensure compliance with labeling and disposal requirements. They should also explore alternatives to reduce environmental and health risks.

### 2.4. Circularity, Sustainable Resources, Waste Reduction, Reuse, and Recycling

Partners should support closed-loop systems by using sustainable, renewable resources and designing products for reuse, recycling, and repair. Products should be designed for easy disassembly to facilitate recycling at the end of their life.

Monitoring and, upon request, providing information on the Life Cycle Assessment (LCA), Product Carbon Footprint in accordance with ISO 14064, and recycled content within ISO 14021. The use of secondary, bio-based, and renewable materials is encouraged where feasible.

### 2.5. Compliance with Environmental Certifications

Compliance with standards such as ISO 14001 (Environmental Management), ISO 50001 (Energy Management), EMAS (Eco-Management and Audit Scheme), and carbon footprint certifications is required.

## 3. Governance and Business Ethics

### 3.1. Regulatory Compliance and Transparency

Suppliers must comply with all applicable local, national, and international laws and regulations in all areas of their operations.

They must demonstrate a policy of transparency, providing clear and accurate information about their business practices, processes, and labor conditions.

### 3.2. Financial Responsibility

Suppliers must ensure transparent financial practices and comply with generally accepted accounting principles.

Fraudulent financial practices must be avoided, and transparency in financial reporting should be ensured through regular external audits.

### 3.3. Sanctions, Export Control, and Foreign Trade Compliance

Suppliers must comply with all applicable laws and regulations related to sanctions, trade embargoes, export and import controls, and customs, including those governing sensitive products such as armaments and dual-use technologies. Compliance with these regulations must be ensured in foreign trade operations, with necessary measures taken to avoid violations.

## SQD

### 3.4. Transport Control and Prevention of Human Trafficking

Suppliers must establish clear procedures to verify cargo and passenger lists, ensuring that no unauthorized individuals, victims of human trafficking, or illegal goods are transported within their supply chain. Compliance with international regulations, including the UN Palermo Protocol on Trafficking in Persons, is mandatory.

### 3.5. Anti-Corruption and Anti-Bribery Practices

Suppliers must prohibit all forms of bribery, corruption, extortion, and improper advantage, in line with applicable laws. They should not offer, promise, give, demand, or accept any bribe or undue advantage to obtain or retain business, or any other improper benefit, whether directly or indirectly. Neklar's employees may not receive any gifts or entertainment through the course of their professional activity, intended to affect the recipient's decision-making capacity.

Internal policies and procedures must be implemented to prevent bribery, including ethics and compliance programs and employee training. A system to detect and prevent bribery should be in place, and awareness of these policies must be maintained among employees.

### 3.6. Fair Competition (Antitrust Law)

Suppliers must adhere to fair business practices and comply with all applicable laws and regulations, particularly antitrust and competition laws.

### 3.7. Conflict of Interest and Ethical Compliance

Suppliers must avoid situations that could create conflicts of interest and maintain ethical conduct in all business relationships.

There must be no favoritism or decisions that unfairly benefit one partner or stakeholder in an unethical manner.

### 3.8. Due Diligence and Risk Management

Suppliers are encouraged to implement a due diligence process to identify and manage potential risks related to human rights, the environment, and governance within their operations and supply chain. Regular audits and transparent reporting on supply chain risks are also recommended.

### 3.9. Conflict Minerals and Supply Chain Transparency

Suppliers must ensure that the minerals used do not come from conflict zones or fund illegal armed groups. The CMRT (Conflict Minerals Reporting Template) should be utilized to trace the origin of minerals such as tin, tungsten, tantalum, and gold. Suppliers must demonstrate transparency in reporting and maintaining an ethical supply chain, in compliance with international regulations regarding conflict minerals.

### 3.10. Data Security, Cybersecurity, and Protection of Confidential Information

Suppliers must protect confidential information and sensitive data, ensuring compliance with local and international privacy and data protection laws. They must take all necessary measures to safeguard personal data and business information.

Access to Requests for Information (RFI) or Requests for Quotation (RFQ) is not permitted unless a Non-Disclosure Agreement (NDA) has been signed to protect sensitive business information and intellectual property. A cybersecurity policy must be implemented, including up-to-date tools and protocols to prevent unauthorized access, data breaches,



## SQD

and information leaks. Compliance with best practices such as ISO/IEC 27001 (Information Security Management) is encouraged.

A cybersecurity policy must be implemented, including up-to-date tools and protocols to prevent unauthorized access, data breaches, and information leaks. Compliance with best practices such as ISO/IEC 27001 (Information Security Management) is encouraged.

Intellectual property rights must be respected, and technology and know-how transfers should protect these rights.

Using AI assistants to summarize or record meetings is not allowed unless explicitly authorized, due to security and privacy risks. Ensure compliance with our policies, and reach out to IT for any questions

The supplier must adhere to Neklar's security policies.

Suppliers must enforce compliance with Neklar's security policies and cooperate with Neklar to minimize information security risks and respond to possible cybersecurity breaches.

### 3.11. Whistleblowing Channel

Neklar has a Whistleblower channel, suppliers can address any concern if find any unethical or illegal conduct that violates this SCC. This system operates as a communication channel that ensures the absence of retaliation against its use, all in accordance with EU Whistleblowing Directive (EU) 2019/1937, regulating the protection of people who report breaches of regulations and the fight against corruption.

Through this link:

<https://neklargroup.com/about/about-our-culture/#compliance>

In the same way, suppliers must implement a confidential whistleblowing channel, allowing employees, customers, or partners to report illegal activities, such as corruption, fraud, or human rights violations. This channel should ensure the protection of the whistleblower's identity and provide a secure process for reporting.

The channel must comply with the EU Whistleblowing Directive, ensuring protection for whistleblowers against retaliation.

### 3.12. Compliance with Global Governance Standards

Suppliers must align with global governance best practices, such as:

- OECD Principles of Corporate Governance
- UN Global Compact Business Code of Conduct
- Anti-Corruption Regulations such as FCPA (Foreign Corrupt Practices Act) and the UK Bribery Act

## 4. Sustainable Purchasing and Supply Chain Responsibility

### 4.1. Supplier Selection Based on Sustainability Performance

Neklar's suppliers are required to collaborate and incorporate all necessary measures into their management systems to ensure full compliance with this document. Failure to do so may result in the termination of the contractual relationship.

## SQD

Suppliers will be selected considering their sustainability performance, with priority given to those that especially respect environmental protection and labor conditions.

### 4.2. Extension of Code of Conduct to the Supply Chain

Neklar's Suppliers must communicate the principles outlined in this Code of Conduct to all levels of their supply chain. It is the responsibility of the supplier to ensure that sub-suppliers comply with the requirements specified, particularly regarding labor rights, environmental impact, and ethical business practices. This includes ensuring that relevant information is shared upstream to the supplier's own suppliers, enabling alignment with the standards set forth in this Code.

### 4.3. Supplier acknowledge

- You are called to obtain:

- ISO 14001 from accredited 3<sup>rd</sup> party (mandatory for Companies with Turnover > 10m €)
- ISO 45001 from accredited 3<sup>rd</sup> party (mandatory for Companies with Turnover > 10m €)

- In this way, you are called to complete:

- Global Supplier Manual signature: Neklar's GSM.
- NDA signature: REG 30028 - Confidential Agreement\_NDA.
- Responsible Sourcing CMRT/EMRT/FRT reporting.
- Financial Report: REG 50038 Supplier Financial Assessment.
- Carbon footprint if Metal Category, REG 50040: Quiz Sustainable figures.
- % Recycled content if Metals Category, REG 50040: Quiz Sustainable figures.

- Each year selected suppliers are required to complete and return the sustainability questionnaire and we will select a sample of suppliers to audit the compliance of this code, REG 50041 Sustainable Audit Questionnaire.

- This SCC is part of the GSM, Neklar's suppliers agree this text by signing the GSM