

# **Code of Conduct for Suppliers and Service Providers (CoC)**

## **INDEX**

- 1. HUMAN RIGHTS AND WORKING CONDITIONS**
- 2. ENVIRONMENTAL CARE AND AWARENESS**
- 3. BUSINESS INTEGRITY**
- 4. APPLICATION OF CODE OF CONDUCT**

Lau Lagun Bearings S.L. (“LLB”) defines this Suppliers and Service Providers Code of Conduct (“CoC”) as the basic standard where LLB gathers all concerns and requested behaviours in business, with the aim of ensuring mutual respect, honesty and fairness in daily dealings with Supplier and Service Providers (“Suppliers”). LLB believes in developing, producing and distributing products and services in a responsible and sustainable manner as it builds trust with Customers, with society as well as with Suppliers.

Strongly committed to Corporate Social Responsibility (CSR), LLB seeks to build innovative large-sized bearings, providing a rewarding workplace, being a trustworthy partner and supporting community and stakeholders in the areas where we operate, and this CoC is the extension of our own commitment and requirements to our Supply Chain.

This CoC applies to all purchasing activities of LLB worldwide and is an integral part of the agreement between Supplier and LLB.

The scope of this document is to define minimum ethical and legal requirements for LLB Suppliers in different areas:

- Human Rights and Working Conditions
- Environmental Care and Awareness
- Business Integrity

LLB establishes minimum principles in order to guarantee that Supplier activities comply with human right based on our internal CoC as well as current national and international laws and regulations. Additionally, Supplier shall always fulfil any applicable law and legal requirement and operate honestly and equitably throughout its business relationships.

Supplier shall comply with all the requirements of this CoC.

Also, the Supplier shall endeavour that all requirements of this CoC comply by its own sub-Suppliers, as well as all its own operations or affiliated companies.

Supplier shall be proactive in appropriately addressing any risk of violation of the requirements, whether in its facilities or in its supply chain.

Supplier shall implement and make available appropriate grievance channels and remediation mechanisms available to all employees and third parties in order for them to raise concerns or complaints, but also recommendations and improvement ideas concerning the Supplier’s operations, without fear of retaliation.

### **Legal compliance**

Fundamental to all areas of this CoC and the baseline of all business with LLB, LLB requires its Suppliers to be knowledgeable about and to comply with all applicable laws and regulations as well as the contractual terms and conditions agreed upon with LLB. In particular, laws to combat corruption and money laundering, competition and anti-trust law, export control and tax legislation have to be obeyed. All legally required permits, approvals, licenses, registrations, inspections and related reports shall be in place, up to date and available for inspection upon request.

In case local laws and regulations are less restrictive, the principles of this CoC shall apply. In case a requirement is covered by this CoC, as well as by applicable laws and/or an agreement with LLB, the stricter regulation offering the greatest protection shall apply. In cases where there is a direct contradiction between local law and the principles contained in this CoC, the local law shall prevail.

## **1. HUMAN RIGHTS AND WORKING CONDITIONS**

The Supplier's practices and operations must respect human rights and fundamental freedoms in accordance with, at a minimum, the Universal Declaration of Human Rights and the principles relating to the eight core conventions of the International Labour Organization (ILO). Depending on the circumstances, the Supplier shall take into account additional standards. The Supplier shall ensure that this CoC is adequately deployed throughout its value chain.

### **Prohibition of forced labor**

Supplier shall not permit, participate in or benefit from any type of forced labor, including bonded labor, debt bondage, forced labor in penal institutions, slavery or human trafficking. All employment is voluntary, and workers are free to leave at any time or terminate their employment.

### **Prohibition of child labor**

Supplier shall not permit, practice or support the use of child labor. The term "child" refers to any person under the age of 16, or under the minimum age for employment in the country, whichever is higher.

### **Non-discrimination**

The Supplier shall not permit, practice or support any discrimination based on race, color, age, sex, sexual orientation, ethnic origin, disability, pregnancy, religion, political militancy, union membership or marital status in contracts, remuneration and in employment-related practices such as promotions, bonuses, access to training, dismissal or retirement.

### **Respect for freedom of association and collective bargaining**

The Supplier shall respect the rights of workers to associate freely, join or not join trade unions, seek representation, join workers' councils in accordance with local legislation and to bargain collectively with the company or its representatives. The Supplier ensures that representatives and any personnel involved in organizing workers are not subjected to discrimination, harassment, intimidation or retaliation for union membership or participation in union activities, and that such representatives have access to their members in the workplace.

**Fair treatment**

Supplier shall not permit, practice or support acts of physical, verbal, sexual or psychological harassment, abuse or threats in the workplace. It shall define disciplinary policies and procedures that shall be duly communicated to all workers and shall take measures to prevent and remedy such acts when appropriate.

**Compliance with Occupational Health and Safety regulations**

The Supplier shall comply with all the provisions of the Occupational Health and Safety regulations regarding personnel employed, directly or indirectly, for the execution of the contract and shall assume all responsibilities for non-compliance with its labor obligations, occupational accidents and non-compliance with Social Laws.

**Safe working conditions**

The Supplier shall ensure a safe and healthy working environment and shall take effective measures to prevent potential accidents and injuries to the health of working persons arising out of, associated with, or originating during work, minimizing - as far as is reasonable - the causes of hazards inherent in the working environment, and taking into account current knowledge of the industry and of any specific hazards.

**2. ENVIRONMENTAL CARE AND AWARENESS****Environmental compliance**

Supplier shall comply with all environmental regulations in force regarding the generation and management of waste, discharges, atmospheric emissions, noise and prevention of soil contamination. It is also responsible for complying with all regulations on the use and storage of chemical products in the work areas throughout the execution of the contract and shall assume all responsibilities for non-compliance with its obligations to the environment. The Supplier shall be responsible for promptly informing all its employees of the environmental obligations that, by law or at the express request of LLB, are acquired under the contract.

**Responsible Sourcing**

Supplier shall exercise adequate due diligence with respect to sourcing, extraction and handling of tantalum, tin, tungsten, gold, cobalt, or any other material or derivative designated by the U.S. State Department, or any other recognized national or international institutions such as the OECD Due Diligence Guidelines, as a "conflict mineral". Supplier also shall make a reliable determination of the origin and source of such minerals. Supplier must be able to disclose supply chain mapping back to the primary origin associated with the products or services provided to LLB that contain any "conflict mineral". Supplier is required to undertake adequate supply chain due diligence to ensure that "conflict minerals" are being sourced from mines and smelters outside Conflict Regions. Supplier shall have a policy and process in place to ensure that any of these conflict minerals contained in the products manufactured by the Supplier do not directly or indirectly finance or benefit armed perpetrators of human rights abuses or in any other way directly or indirectly contribute to human rights violations.

### **Hazardous Substances**

Supplier shall identify potentially hazardous substances in chemical products and articles used in its production and ensure that they are handled, transported, stored, recycled and disposed of safely. REACH and RoHS must be reported accordingly at least.

Safety information shall be available to educate, train, and protect employees from hazardous materials and employees shall have access to adequate personal protective equipment.

## **3. BUSINESS INTEGRITY**

### **Corruption and bribery**

Supplier shall not tolerate, permit, or engage in any form of corruption, extortion or bribery in the conduct of business. It shall ensure that the highest standards of integrity are maintained in all business interactions by adopting a zero tolerance policy to prohibit any form of bribery, corruption, extortion and embezzlement (including the promise, offer, giving or acceptance of any bribe). The Supplier shall prevent any fraudulent activity by its representatives in connection with the receipt of any sum of money from LLB.

### **Money laundering**

Supplier complies with the applicable laws for prevention of money laundering.

### **Respect for free competition**

LLB is firmly committed to free competition and fair market behavior. Consequently, whenever LLB competes with one or more competitors to develop a business operation, the addressees of this CoC will refrain from any anti-competitive practice in order to favor the interests of LLB.

The following are considered anti-competitive practices:

- The unlawful obtaining of information about the competitor's product or offer.
- The concertation with one or more competitors to fix prices or other determining elements of the offer to which they are competing.
- The dissemination of false or misleading information that is detrimental to one or more competitors.
- The realization of misleading advertising of their business and any conduct that may constitute an abuse or unlawful restriction of competition.

### **Conflict of interest**

A conflict of interest exists when one of the addressees of this CoC must make a decision that affects both the interests of LLB and the interests of the addressee and related persons. Persons related to the employee for the purposes of this CoC are considered to be parents,

siblings, minor children, spouses or persons with an equivalent affective relationship, representatives, attorneys-in-fact, agents or controlled companies.

For example, it would be a conflict of interest:

- Deciding or recommending the award of a LLB contract to a company in which a relative of the person in charge of making the decision worked.
- Making a business decision that may directly benefit a person related to the decision-maker, either because he/she is one of those who earn money with the decision or because the company in which he/she works is the one that is going to obtain the benefit.

### **Intellectual property rights and confidentiality**

Supplier shall respect LLB confidential information and intellectual property rights by safeguarding against misuse, mishandling, counterfeit, theft, fraud or improper disclosure in accordance with applicable law and the contractual terms with LLB. Supplier is encouraged to implement an information management strategy, including a policy, which ensures proper levels and thresholds as well as records for proper business integrity.

### **Information security and confidentiality**

In general, the recipients of this CoC may not use the information they learn as a result of their relations with LLB to obtain a personal advantage, nor shall they provide it in any case to third parties.

### **Commitment to transparency**

Always respecting the restrictions on the free disclosure of technical or commercial information, classified as reserved or confidential, LLB is fully committed to the transparency of its actions.

### **Data privacy**

Whenever a Supplier is entrusted with personal information about individuals, Supplier shall safeguard it and take appropriate steps to protect it from misuse. All applicable data privacy laws as well as the contractual terms with LLB shall be observed when collecting, storing, using, processing or sharing personal information about individuals.

### **Export control**

Supplier complies with international applicable laws for the import and export of goods, services and information, including compliance with all applicable laws that prohibit or restrict business relationships with sanctioned countries, entities or persons.

#### 4. APPLICATION OF CODE OF CONDUCT

Adequate handling of non-compliance cases is a key part of our comprehensive compliance management. LLB does not tolerate non-compliant behavior regarding CoC. The Supplier which violates this CoC for Suppliers, will be held accountable.

LLB is fully committed to handling non-compliance cases adequately by:

- Taking all allegations seriously.
- Investigating allegations efficiently and in a timely manner.
- Assessing the facts objectively and impartially.
- Conducting compliance audits of appropriate records.
- Taking adequate corrective measures and sanctions in case an allegation is substantiated.

LLB reserves the right to charge the Supplier for additional costs resulting from non-compliance with this CoC.

Any violation of the Requirements will be considered a material impairment of the business relationship with the Supplier. In this case, LLB reserves the right to demand clarification of the facts, initiation of measures and information on the matter, without prejudice to further rights. A lack of willingness to cooperate or the demonstrable failure to introduce suitable improvement measures within a reasonable period or the seriousness of the infringement may lead to the termination of the business relationship.

Date:

Name and address of supplier:

Name and position of supplier representative:

Signature:

Company stamp: