



Code of Ethical Conduct for Suppliers of Products and Services

**Code of Ethical Conduct
for Suppliers of
Products and Services**



Code of Ethical Conduct for Suppliers
of Products and Services for the Sanok Rubber Group

Edition 1 is valid from 1st October 2024, onwards

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1. INTRODUCTION

At Sanok Rubber Group, we follow the fundamentals of social responsibility to ensure that our tasks are performed in a reliable and trustworthy manner. This entails considering social and environmental issues, accounting for social and environmental impacts, acting transparently and ethically, respecting the interests of business partners, abiding by the law (including human rights), and upholding international standards of conduct in all our activities.

This Code of Ethical Conduct for Suppliers establishes the ethical standards that guide our interactions with our business partners. These principles are in accordance with national and international laws, conventions and guidelines, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the conventions of the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights.

This Code of Ethical Conduct is addressed to all our business partners, either natural or legal persons that provide goods or services to the Sanok Rubber Group.

By exercising due diligence, we inform our business partners about the principles we have adopted and demand that they accept, abide by, and share them with their supply chain.

We reserve the right to only conduct business with partners that uphold the values contained herein and in the relevant legislation. This attitude ensures that our business relationships are founded on a balanced approach, ethical behaviour, respect for human rights and adherence to relevant laws and conventions.

Piotr Szamburski

President of the Management Board, Chief Executive Officer



2. HUMAN RIGHTS AND WORKING CONDITIONS

2.1. Respect for human rights

Our business partners must fully respect the human rights included in national and international provisions of law, including:

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- conventions of the ILO Declaration on Fundamental Principles and Rights at Work,
- International Bill of Human Rights.

We also require all our suppliers to share this requirement with all parties involved in their value chain.

2.2. Ethical recruitment process

Our business partners must ensure that job applicants and employees are treated equally during recruitment and professional development. It is mandatory for our suppliers to forbid offering, receiving or requiring favours in exchange for obtaining work, changing working conditions or being promoted.

Our contractors only employ people in accordance with a legally recognised employment relationship in which they are permitted to communicate openly with management about policies and working conditions.



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2.3. Remuneration and benefits

Our business partners must ensure that employees receive remuneration that complies with all applicable provisions of law, including minimum wage requirements, on-time wage payments, overtime compensation, sick pay, and other benefits provided for by law. Our business partners must follow the principle of equal pay for equal work.

2.4. Forced labour

Forced labour should be understood as work performed involuntarily for which no remuneration is paid or the remuneration is not in line with the applicable provisions of law.

Forced labour of any kind is prohibited for our suppliers. It is unacceptable to compel labour or services under the threat of punishment, or to profit from forced prison labour, slavery or human trafficking. In addition, it is unacceptable to tolerate any form of modern slavery.

Our contractors must only accept the voluntary nature of the labour and services rendered.

2.5. Work-life balance

Our business partners should promote the principle of work-life balance. They must comply with legal regulations on working hours and time off.

2.6. No discrimination or harassment

Our contractors must provide workplaces where all employees are treated equally, irrespective of their gender, gender identity, age, skin colour, physical appearance, disability, ethnicity, nationality, religion, religious denomination, sexual orientation, parenthood, pregnancy, marital status, financial standing, political beliefs, union membership, position held, length of service, employment for a limited or indefinite period, full-time or part-time employment or other conditions that may lead to unequal treatment of employees.



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Our suppliers must have an effective system in place that includes the ability to report violations and which eliminates all forms of discrimination, harassment, mobbing, victimization and bullying.

Our business partners must respect freedom of speech and expression, as well as the right of individuals to disagree and express their own opinions.

2.7. Freedom of association

Our suppliers must respect the freedom of employees to organise freely, join trade unions and be members of political parties and associations. They must also comply with local laws and trade union organisation regulations. In addition, our suppliers should allow employees to participate in decisions about labour issues, such as terms and conditions of employment, through representatives appointed in compliance with applicable provisions of law and practices.

2.8. Non-employment of children and young workers

Our business partners must not employ children or establish business relationships with entities that employ children. They are also required to respect the minimum employment age for young workers in accordance with the International Labour Organisation conventions on Fundamental Principles and Rights at Work.

2.9. Safe working conditions

Our business partners must comply with established occupational health and safety rules and regulations. They should implement a safe working environment management system, which includes:

- organising a working environment that meets local occupational health and safety and fire safety rules and regulations and industry standards; establishing their workplaces in a manner to reduce workplace injuries and illnesses; using safe machinery and tools,



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- providing the required personal protective equipment (including collective and individual protection measures), in order to prevent occupational illnesses and accidents,
- conducting tests on factors harmful to health at workplaces and performing risk assessments and hazard identification for employees,
- reducing employees' exposure to harmful chemical agents,
- implementing a hazard analysis system to minimise the risk of incidents or accidents in the workplace and to establish the root cause of accidents at work so as to reduce the risk of recurrence,
- motivating employees to contribute to safe working conditions,
- developing and implementing emergency procedures,
- establishing and following best occupational health and safety criteria for the assessment and qualification of subcontractors.

2.10. Use of private or public security forces

Our suppliers are required to use private or public security forces only to maintain the rule of law and to safeguard employees, facilities and equipment. The use of security forces must be controlled to prevent human rights violations.



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3. BUSINESS ETHICS

3.1. Supply chain

Our business partners are obliged to conduct their business operations responsibly, promoting transparency and traceability throughout the supply chain. Our suppliers must accept and uphold the values we have adopted herein and to communicate the requirements to all parties involved in their value chain.

3.2. Fair competition

Our business partners must conduct business with their counterparties in accordance with the principles of fair competition and antitrust law.

They are not allowed to take part in or engage in any activities that illegally restricts competition. They should support antitrust and anti-dumping practices.

3.3. Anti-corruption

In their relations with co-workers and contractors, our suppliers and their employees must adhere to all applicable anti-corruption legislation and standards.

It is mandatory for our contractors to refrain from engaging in corrupt practices that involve taking and offering financial benefits, such as gifts, bribes or other gains that might be deemed improper compensation or illegal business and commercial advantages and which could be deemed to affect the decision-making process. We also prohibit the use of business contacts for personal or professional gain.

Our business partners are not allowed to carry out activities considered to be "money laundering" nor accept or use money derived from criminal activity. Before the commencement of business cooperation, they need to determine the reliability of their business partners and the legality of their business operations.



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3.4. Prevention of conflicts of interest

A conflict of interest occurs when the employee's personal interests conflict with those of the company.

Our business partners are required to avoid situations leading to conflicts of interest and to take steps to eliminate them.

3.5. Compliance of trade with the law

Our business partners are required to follow established trade laws, which include international laws governing the movement of goods, technology, software and technical information across national borders.

3.6. Respect for property rights

Our business partners are obliged to respect property rights, including traditional knowledge. They must not engage in activities that violate property rights, such as counterfeiting and piracy, and must not knowingly use counterfeit goods. They must ensure that they can use or dispose of all property in accordance with law. Our business partners are obliged to make fair payment for the property they acquire or use.

Our suppliers must use legal software and employ it in accordance with law.

The rights of people, including indigenous peoples and local communities, to land, forests, and water must be respected by our business partners. They are required to oppose illegal forced evictions while extracting, developing, or otherwise using land, forests, and waters required for people's livelihoods.

3.7. Personal data protection and information security

Our business partners must comply with personal data protection and information security laws, both for their employees and contractors. They are obliged to ensure a high level of data protection and information security. During their business relationship with Sanok Rubber



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Group and thereafter, they are required to safeguard and keep strictly confidential any personal data, as well as commercial and technological information.

3.8. Reporting

As required by law, our suppliers are required to report on a wide range of activities, including environmental impact and occupational health and safety. They must disclose financial information in their reports in accordance with generally accepted accounting practices.

Financial statements and reports must be drawn up by authorised employees. In addition, public institutions must be contacted by duly authorised persons.

4. ENVIRONMENT

Our business partners are required to conduct their operations in an environmentally responsible manner in order to reduce their environmental impact.

4.1. Climate neutrality

Our suppliers must engage in the Paris Agreement, which aims to hold the increase in global average temperature to below 1.5°C in relation to pre-industrial levels. They are required to monitor the carbon footprint of both the company and the products they produce. In addition, they should take measures aimed at reducing their carbon footprint in order to achieve climate neutrality by 2050.

4.2. Pollution prevention

Our business partners must develop and implement effective actions to reduce their negative environmental impact, such as using protective devices, conserving natural resources and reducing the environmental impact of their manufacturing processes, services and products



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throughout their life cycle. They must monitor and report on environmental impacts, including water consumption and quality, air and soil quality, noise emissions, raw material volumes, energy consumption and waste generation. They must comply with the permitted legal limits.

Additionally, our suppliers are required to monitor any hazardous materials and the mixtures of those materials used in production. Wherever possible, they must be replaced with less hazardous materials. Our business partners must apply safeguards and implement measures to prevent the release of harmful chemical substances into the environment.

4.3. Sustainable use of natural resources

Our contractors must respect the environment while adhering to all legal requirements. They must seek out and implement methods that improve resource efficiency and take steps to manage resources efficiently (including electricity), and use closed water circuits, where possible. It is their responsibility to responsibly manage natural resources by controlling the amount they consume and encouraging an increase in the proportion of recycled materials. They should also take actions aimed at waste reduction.

4.4. Biodiversity

As biodiversity maintains the natural balance of the ecosystem, it is vital for human well-being as well as the protection of the natural environment and climate. In order to protect biodiversity, it is necessary to predict, prevent and combat the causes of its decline or disappearance.

Our suppliers must be committed to protecting natural ecosystems and to not contributing to their degradation, such as through illegal deforestation or other forms of destruction.



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4.5. Animal welfare

We require our suppliers to follow the World Organisation for Animal Health (OIE) animal welfare recommendations.

Our business partners that use animals in their operations must provide them with appropriate living conditions, minimize suffering and stress, allow them to fulfil their natural needs and behaviours, provide adequate nutrition and access to water.

4.6. Due diligence

Due diligence is the process of identifying, preventing, mitigating and resolving actual and potential risks associated with contributing to activities that cause violence, violate human rights or have a negative impact on the environment.

Our suppliers must follow a responsible sourcing policy, which prohibits the use of raw materials, the extraction and trade of which fund armed conflicts. We need our suppliers to attest that the raw materials they provide are conflict-free minerals. Our suppliers are also required to communicate this requirement to their entire supply chain.

5. NOTIFICATION OF VIOLATIONS

Our business partners may report violations regarding the practices of Sanok Rubber Company SA through the website:

<https://www.whistleblowing.sanokrubber.com/> or <https://www.sanokrubber.com/whistleplatform>

Our business partners are obliged to establish a reliable system for reporting violations of human rights, business ethics or other matters in a confidential, non-retaliatory manner, for all parties involved.



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6. FINAL PROVISIONS

The Code is made available to all business partners.

The Code is available on the Sanok Rubber Company's website in the tab: Requirements for suppliers.