

KRONES Group Supplier Code

Partners for the future



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Partners for the future

Dear Business Partners,

Within the Corporate Guidelines and KRONES Code of Conduct, the KRONES Group and all its plants have committed themselves to support and apply the basic principles in the areas of human rights, fair working conditions, environmental protection and the fight against corruption.

KRONES would like to persuade its business partners to apply these principles and to share its ethical values. In this Supplier Code, the term "business partner" is taken to include business partners on the purchase side, such as suppliers, service providers, licensees and licensors and other technology partners.

This Supplier Code is an integral part of various KRONES concepts, such as the sustainable corporate and business development concept and the KRONES anti-corruption programme.

KRONES expects its business partners to follow the applicable legal standards such as the OECD Guidelines, the UN Guiding Principles on Business and Human Rights and the ten principles of the UN Global Compact and to work towards compliance with the higher standards set out in this document.

The business partners undertake to monitor and actively promote compliance with the basic principles at all their sites and in all their activities.

This is the foundation for collaboration with a common sense of innovativeness, a willingness to embrace change and a consistent commitment to achievement.



Christoph Klenk
Chairman of the Board of KRONES AG

Corporate strategy

Innovation and product quality

KRONES' success is founded on the following fundamental strategies: specialist knowledge in mechanical engineering and buyer sectors, technical advantage through continually high investment in research and development, manufacturing with the most up-to-date equipment and in accordance with high quality standards, around-the-clock global service and the high professional skills and qualifications of our workforce.

KRONES expects its business partners to align their value creation in conformity with these strategies in order to enable collaboration that is based on a common sense of innovativeness, a willingness to embrace change and a consistent commitment to achievement.

Business partners shall align their value creation in conformity with the corporate strategy of KRONES.

Intellectual property

Business partners undertake to treat all data provided by KRONES in the strictest confidence and only to use such data for the purposes of the business relationship, unless express approval is given for other purposes. At the same time, KRONES assures all business partners that it will handle their sensitive data carefully and in confidence.

Health and safety

Protection of workers' health and safety

Business partners shall identify risks (especially chemical, physical, mechanical, and biological risks) and take all necessary measures to ensure the health and safety of employees at work and the integrity of the infrastructure provided.

Business partners shall guarantee working conditions that optimally protect workers' health and safety at all sites.

Operation and maintenance of equipment

Business partners shall possess all of the processes and means necessary for ensuring the safe operation and appropriate maintenance of all equipment (production, supply, etc.).

Emergency preparedness

Business partners shall anticipate, identify and assess emergency situations and take all measures necessary to minimise their impact both on site and off site by effectively implementing emergency plans and procedures.

Environmental impact

Wastewater, emissions and solid waste

Wastewater and service water generated from industrial operations and emissions of hazardous substances shall be measured, monitored and if necessary treated before being discharged into the environment.

Solid waste shall be recycled or reused wherever possible. Business partners shall ensure that all solid waste – and hazardous waste in particular – is disposed of in secure, properly permitted facilities in accordance with regulations. The traceability of disposal must be ensured.

Business partners shall comply with the environmental laws and regulations of the countries in which they operate.

Pollution prevention

Business partners shall ensure that all substances that pose a threat to the environment are properly identified, labelled and stored in order to ensure proper disposal in the event of leaks or accidental spills. They shall ensure that they have effective organisational procedures in place and the necessary means available to deal with accidents entailing a risk of land or water pollution.

Resource management and climate change

Business partners shall endeavour to reduce their consumption of energy, water and non-renewable resources.

Business partners shall measure their emissions of greenhouse gases and voluntarily commit to reducing them.

Compliance with laws and regulations

Business partners shall comply with the environmental laws and regulations of the countries in which they operate. Business partners shall possess all required certificates and/or permits for operating their sites and meet the requirements of such certificates and permits.

Labour

Equal opportunity

Business partners shall not discriminate against any worker on the basis of race, skin colour, age, gender, sexual orientation, marital status, ethnicity, disability, religion, political affiliation, union membership, etc. in hiring or employment practices, including access to training and continuing education, promotion, remuneration, etc.

Reference:

ILO Convention No. 100 concerning Equal Remuneration

ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation

Business partners undertake to comply with the IAO Conventions in respect of equal opportunity, child labour and forced labour.

Child labour

The minimum age for employment shall be based on the laws of the respective country and shall not be less than 14 years age regardless of the type of work. The minimum age for allowing any type of employment or work which may harm the health, safety or morals of young people shall not be under 16 years of age.

Reference:

ILO Convention No. 138 concerning the Minimum Age for Admission to Employment

ILO Convention No. 182 concerning the Worst Forms of Child Labour

Forced labour

Forced or compulsory labour of any type is prohibited. Workers shall be free to leave work or terminate employment with reasonable notice as provided for under the law.

Employers are prohibited from withholding any identity papers, passports, training or apprenticeship certificates, work permits or other documents. Employing convicts is permitted. The only condition is that their work must be voluntary and they must be remunerated for their work.

Reference:

ILO Convention No. 29 concerning Forced Labour

ILO Convention No. 105 concerning the Abolition of Forced Labour

Mistreatment

Inhuman treatment, corporal punishment, insults and threats are prohibited. Any form of physical coercion and physical, sexual or verbal abuse, intimidation or harassment is also unacceptable.

Labour

Working hours

Working hours shall be based on national laws.

The working week shall be restricted to a maximum of 60 hours, with at least one rest day per week.

Reference:

ILO Convention No. 14 and No. 106 concerning Weekly Rest

Business partners shall follow the requirements of the ILO Conventions concerning working hours, wages and benefits, freedom of association and freedom of expression.

Wages and benefits

Suppliers shall pay workers at least the minimum wage required by applicable laws and regulations and provide legally mandated benefits. (This also applies to apprentices, interns and employees in their trial period.) In accordance with national laws on maximum working hours, overtime shall be paid at a higher rate than normal working hours.

The basis for calculating wages shall be formalised and known to all workers. Wages shall be paid in cash or by cheque or bank transfer. All other forms of payment shall only be permitted in special cases as provided for under national laws. Wages shall be paid in regular and reasonable intervals.

Reference:

ILO Convention No. 95 concerning the Protection of Wages

ILO Convention No. 131 and IL Recommendation No. 135 concerning Minimum Wage Fixing

Freedom of expression and freedom of association

Open communication and direct dialogue with workers concerning working conditions and issues of pay without the fear of reprisal, intimidation or threats shall be encouraged. Employees shall be entitled to belong to trade unions as permitted by and in accordance with the applicable laws of the particular country.

Reference:

ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise

ILO Convention No. 98 concerning the Right to Organise and Collective Bargaining

Compliance

Gifts and invitations

Business partners are prohibited from offering KRONES Group employees money in any amount, gifts, loans, discounts, or valuables that could incite the employees to act in breach of their duties.

Gifts and invitations that fall within the scope of normal business hospitality, custom and courtesy and therefore within the permitted range of gifts and gratuities at KRONES are excluded from this prohibition.

In the KRONES anti-corruption programme KRONES commits itself to a zero-tolerance policy – and it expects the same of its business partners.

Fight against corruption

In the KRONES anti-corruption programme KRONES undertakes to drive business forward solely through quality and integrity. KRONES therefore follows a zero-tolerance policy in respect of bribery/blackmail, conflicts of interest and all other manifestations of corruption.

We also expect our business partners to prohibit unreservedly, and where appropriate to sanction, corruption, bribery and other immoral conduct of this nature.

Conflicts of interest

Business and private interests are strictly separated at KRONES. No individual may use their own position in the company for their own benefit or the benefit of their family or friends. All employees are required to inform their line manager at once of any actual or suspected conflict of interest.

KRONES likewise expects its business partners to reach decisions relating to their business activities with KRONES solely on the basis of material criteria.

Conduct towards competitors

KRONES supports the principle of fair competition and complies with the provisions of competition and cartel law.

KRONES also expects its business partners to conduct themselves fairly in competition and to remain bound by cartel law.

Commitment and monitoring

Ensuring compliance

Business partners shall have all necessary and sufficient internal procedures and processes in place to ensure compliance with all of the above principles.

KRONES recognises that the achievement of the standards set out in this Code is a dynamic process and encourages business partners to improve their processes continuously. Where necessary, KRONES will assist in the definition of milestones and the establishment of systems to ensure the continuous improvement of business practices.

Business partners shall verify compliance with the standards defined in this Code at regular intervals, engage in dialogue with their own business partners and allow KRONES to conduct audits in this regard. In the event of non-compliance with these standards, KRONES reserves the right to respond accordingly.

Dialogue with business partners

Business partners shall communicate the principles anchored in this Supplier Code to their subcontractors and other business partners. They shall require their own business partners to apply the same standards to their activities.

Audits

Business partners shall permit KRONES to monitor compliance with these principles in the form of audits or to have an independent third party that is approved by both parties monitor compliance and take appropriate action in the event of non-compliance.

Consequences of violations

Any breach of the principles and requirements set out in this Supplier Code will be considered a material impairment of the contractual relationship on the part of the business partner. If it suspects non-compliance with the principles and requirements set out in the Supplier Code (e.g. through negative media reports) KRONES reserves the right to demand disclosure concerning the relevant facts.

KRONES will further have the right to terminate some or all contractual relations with business partners without notice if the business partners demonstrably fail to fulfil the Supplier Code or do not instigate and implement improvement measures having been set a reasonable period of time by KRONES in which to do so.

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