

LAGER 157 CODE OF CONDUCT

BASIC REQUIREMENTS FOR CSR

Between parties: This Code of Conduct (“Code”) constitutes an integral part of the supply agreement (“Agreement”) between Lager 157 AB (“Lager 157”) and the undersigned supplier (“Supplier”). By signing below, Supplier confirms that it, and all its affiliated production units, are in full compliance with the terms herein and agrees that any breach shall constitute a material breach of the Agreement.

At Lager 157, the work on Corporate Social Responsibility (CSR) is based on fourteen fundamental basic principles. These principles, combined with continuous improvement efforts, form the minimum requirements for our suppliers. Supplier shall ensure compliance with this Code at all times during the term of the Agreement and shall not merely be compliant at the time of signature. In cases where a supplier has other requirements, from a party other than Lager 157, the highest requirement always applies. It is the supplier’s and its production units’ responsibility to ensure that both the supplier itself and its production units comply with the principles. Supplier shall impose identical obligations on its own suppliers and sub-contractors.

We evaluate our Code of Conduct and our basic principles regularly and continuously make the improvements we deem necessary.

1. Transparency and Fundamental Data Compliance

Lager 157 requires **full transparency and traceability** across the entire supply chain.

Suppliers must provide **complete and accurate fundamental data** about their facilities, including:

- Factory name, address, and production type
- Number of workers and working hours
- Contact information for management and compliance representatives
- Subcontractor disclosure (none allowed unless pre-approved).
- This information must be kept up to date and shared upon request. Failure to provide accurate or complete information will be considered a compliance breach.

Lager 157 requires full access to all information relating to how our suppliers uphold basic principles. This includes, primarily, conditions at the relevant production units across all stages. For example, we must always have access to addresses, contacts and other information regarding production processes at the supplier’s production units.

Furthermore, Lager 157 and its designated third-party auditors retain the right to conduct **announced and unannounced audits** of all production facilities, records, and documentation—including all data related to environmental impact, energy consumption, and greenhouse gas emissions necessary for Lager 157's regulatory compliance (e.g., **ESRS/CSRD reporting**).

2. No Subcontractors

Lager 157 requires that the specified factory is valid, i.e. that parts of the production (applies to CMT) may not be outsourced to any other factory other than the one specified.

This rule is absolute unless Lager 157 gives written approval before production. Exceptions must be documented in a written agreement signed by an authorized representative of Lager 157 and the supplier. Any unauthorized subcontracting shall be grounds for immediate termination of the Agreement and may result in financial penalties.

3. No Child Labor or Discrimination

Lager 157 maintains a zero-tolerance policy for child labor.

The term “child” refers to any person under 15 years of age, or below the age of full compulsory schooling as defined by relevant laws.

Remediation for any discovered child labor shall be conducted in the best interest of the child, but any associated costs shall be the sole responsibility of the Supplier.

Lager 157 also enforces a strict zero-tolerance policy against discrimination in all forms.

4. Statutory Wage and Working Hours

Lager 157 requires all producers involved in the production of goods delivered to us to comply with statutory wage and legal working-hour regulations.

All employees must have written contracts and wages paid through traceable methods.

Forced or involuntary labor is strictly prohibited.

5. Trade Union Rights

Suppliers must guarantee that employees have the freedom to join unions and engage in collective bargaining without risk of retaliation.

6. Good Working Conditions

Suppliers must maintain a safe, hygienic, and respectful workplace.

Fire exits, protective equipment, and first-aid must be available and regularly maintained.

Compliance with local labor and safety laws is the minimum requirement.

7. Combating Bribery and Corruption

Suppliers must maintain anti-corruption procedures, conduct regular risk assessments, and ensure no gifts or payments are made to influence business decisions.

8. United Nations Human Rights Conventions

Suppliers must respect and uphold international human rights standards in accordance with the UN Declaration of Human Rights.

9. Environment and Chemical Compliance

Lager 157 requires that all chemical usage during production fully complies with EU REACH regulation and all related legislation.

The final product and/or packaging must not contain prohibited or restricted substances beyond the legal limits.

Suppliers are required to maintain updated documentation, including:

- Valid test reports and Safety Data Sheets (SDS) for all chemical substances used
- Third-party test reports verifying compliance with REACH and any relevant Annexes
- Continuous monitoring of the ECHA Candidate List and SVHC updates

Suppliers must report any use of restricted chemicals immediately and provide corrective action plans.

10. Nominated Chemicals and Accessories:

From 2025 onwards, Lager 157 will introduce **nominated suppliers** for chemicals, trims, and packaging (including boxes, hangtags, labels, and polybags). Until then, all factories must agree to:

- Transparent documentation of all chemical and accessory suppliers

- Submitting relevant MSDS/test reports
- Demonstrating REACH compliance on request

11. Third-Party Social Compliance Audit Requirements

Lager 157 requires that all production units maintain a valid third-party social compliance audit issued by a recognized international standard such as Amfori BSCI, Sedex SMETA, or an equivalent certification system expressly approved in writing by Lager 157.

The following conditions apply:

- **Mandatory Valid Certificate:**
A valid and traceable audit report/certificate must be available for each approved production unit at all times. Lager 157 does not accept expired or self-declared compliance reports.
- **Approved Audit Standards and Minimum Grades:**
 - a. Amfori BSCI: Grade C or better (no D or E ratings accepted)
 - b. Sedex SMETA: 2-pillar minimum audit (or 4-pillar if legally required in sourcing region)
- **Renewal Timeline Obligation:**
The Supplier is responsible for ensuring that a new audit is commissioned and completed no later than 30 days before the current certificate becomes invalid. Scheduling delays with auditors shall not constitute acceptable justification for a lapsed audit status.
- **New Factory Onboarding Rule:**
For any new factory added to Lager 157's approved production base, a valid audit certificate must be submitted and approved before PPS (Pre-Production Sample) or any production-related authorization is granted.

12. Product Safety (GPSR)

Lager 157 requires that all products comply with the EU General Product Safety Regulation (GPSR).

This means all goods must be safe under normal and foreseeable use, with risks assessed and documented.

Suppliers are responsible for:

- Full product risk assessment and documentation
- Providing technical files, test reports, and conformity declarations
- Ensuring labeling and warnings are correct
- Notifying Lager 157 immediately if any risk is discovered

Compliance with GPSR is a mandatory condition for doing business with Lager 157.

13. Protection of Brand and Returned Goods

It is strictly prohibited for any supplier to resell returned or defective products with Lager 157's branding, labels, or identifiable prints.

14. Product Marking and RFID

Lager 157 reserves the right to require RFID, barcodes, and other tracking systems on products.

All labeling materials must be sourced from Lager 157's nominated suppliers.

Failure to comply will result in re-labeling or rejection of the shipment at the supplier's cost.