LAGER 157 CODE OF CONDUCT

BASIC REQUIREMENTS FOR CSR

This Code of Conduct (“Code”) forms an integral part of the supply agreement (“Agreement”) between Lager 157 AB (“Lager 157”) and the undersigned supplier (“Supplier”). By signing this Code, Supplier confirms that it, and all of its affiliated production units, comply with the requirements set out below, and agrees that any breach of this Code shall constitute a material breach of the Agreement.

Lager 157's work on Corporate Social Responsibility (CSR) is based on the sixteen basic principles set out in this Code. Together with our ongoing improvement efforts, these principles form the minimum requirements for our suppliers. Supplier shall comply with this Code at all times during the term of the Agreement, not only at the time of signature. Where a supplier is subject to other requirements from a party other than Lager 157, the stricter requirement shall always apply. Supplier and its production units are responsible for ensuring compliance with these principles, and Supplier shall impose equivalent obligations on its own suppliers and sub-contractors.

We review this Code and its basic principles on a regular basis and make improvements where 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. No worker shall be employed below the applicable legal minimum working age or 16 years of age, whichever is higher. Workers under 18 shall not perform hazardous work, night work, or any work that may jeopardize their health, safety, or development. 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. Living Wages and Working Hours

Lager 157 requires all Suppliers involved in the production of goods delivered to us to pay every worker at least a living wage for normal working hours, or the applicable statutory minimum wage or wage required by an applicable collective bargaining agreement, whichever is highest. This requirement applies to all workers, including temporary, agency, migrant and piece-rate workers. Suppliers must comply with all applicable working-hour regulations.
All employees must have written contracts and wages paid through traceable methods.
Forced or involuntary labor is strictly prohibited, including bonded labor, debt

bondage, involuntary prison labor, and human trafficking. Workers shall retain control of their own identity and travel documents at all times and shall not be required to pay recruitment fees or deposits to obtain employment.

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. This includes, at a minimum:
- Safe facilities and equipment, with fire exits, protective equipment, and first-aid kept available and regularly maintained.
- *Personal protective equipment provided to workers free of charge.*
- *Access to drinking water and sanitary facilities.*

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. Suppliers shall also conduct business in accordance with applicable competition and antitrust laws; price fixing, bid rigging, market allocation, and unlawful exchange of competitively sensitive information are prohibited. Any relationship, financial interest, or personal connection that could influence business decisions relating to Lager 157 shall be disclosed to Lager 157 without delay.

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. Suppliers must also manage water use and waste responsibly, working to reduce consumption and waste generation where feasible, and shall not source materials linked to illegal deforestation or the destruction of protected natural habitats.

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)

All products supplied to Lager 157 must be safe under normal and reasonably foreseeable conditions of use and comply with applicable EU product safety legislation, including Regulation (EU) 2023/988 on general product safety (GPSR), where applicable.

Lager 157 recognises its statutory responsibilities for products marketed under its name or trademarks. The supplier obligations below are contractual requirements intended to support product safety and Lager 157's compliance. They do not transfer or limit either party's statutory obligations.

Suppliers must:

- **Assess and control risks** associated with the materials, components and manufacturing processes within their responsibility, document the findings and controls, and cooperate with Lager 157's overall product risk assessment.
- **Provide relevant documentation**, including product specifications, material and component information, documented risk assessments and relevant test reports, in sufficient time for Lager 157 to assess compliance before the products are placed on the market. Declarations of conformity must be provided where required by applicable product-specific legislation.
- **Comply with agreed testing requirements** and ensure that the evidence provided relates to the products, materials and components actually supplied.
- **Ensure correct labelling and warnings** in accordance with applicable requirements and specifications approved by Lager 157, and promptly flag any suspected omission or inaccuracy.
- **Maintain product and batch traceability** and provide relevant production and supply-chain records on request.
- **Notify Lager 157 immediately** upon becoming aware of any actual or suspected safety risk, product safety non-compliance, or safety-related complaint or accident concerning the supplied products.
- **Cooperate promptly** with Lager 157 in investigations, regulatory enquiries and corrective measures, including withdrawals and recalls.

- **Obtain Lager 157's prior written approval** before implementing changes to agreed materials, components, product design or manufacturing processes that may affect product safety or compliance.

Compliance with these requirements is a mandatory condition of supplying products to Lager 157. Lager 157 may suspend acceptance of affected products pending investigation and satisfactory evidence that identified safety or compliance concerns have been resolved.

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.

15. Speak-Up and Grievance Mechanism

Suppliers must provide workers with an accessible channel to raise concerns or complaints, including on labor conditions, health and safety, and discrimination, without fear of retaliation. Suppliers must investigate reported concerns and take appropriate corrective action.

16. Animal Welfare

Where animal-derived materials are used, Suppliers must comply with applicable animal welfare legislation and internationally recognized animal welfare principles, including the Five Freedoms of Animal Welfare. Materials must not originate from vulnerable, endangered, or protected species, and any wool supplied to Lager 157 must be mulesing-free. Suppliers must maintain traceability documentation for animal-derived materials and provide it upon request.

Please review the principles in the table below and mark the boxes to certify that you and your suppliers comply with each principle as described above.

BASIC PRINCIPLE	**Compliance certified**	**Comment**
1. Transparency & data compliance		
2. No subcontractors		
3. No Child Labor or Discrimination		
4. Living Wages and Working Hours		
5. Trade Union Rights		
6. Good Working Conditions		
7. Combating Bribery and Corruption		
8. United Nations Human Rights Conventions		
9. Environment and Chemical Compliance		
10. Nominated Chemicals and Accessories		
11. Third-Party Social Compliance Audit Requirements		
12. Product Safety (GPSR)		
13. Protection of Brand and Returned Goods		
14. Product Marking and RFID		
15. Speak-Up and Grievance Mechanism		
16. Animal Welfare		

REMEDIES AND TERMINATION

1. **Breach and Cure:**
   Upon discovery of a breach of this Code, Lager 157 may, at its sole discretion, either:
   (a) issue a corrective action plan requiring the Supplier to remedy the breach within a specified timeframe; or
   (b) terminate the Agreement immediately for a material breach.
   Failure to provide accurate documentation, transparency data, or valid test reports (including REACH, GPSR, or audit results) shall constitute a material breach unless remedied within the corrective period.

2. **Immediate Termination:**
   Certain breaches, including but not limited to the use of child labor, forced labor, prison labor, unauthorized subcontracting, or systemic corruption, shall be deemed incurable and constitute grounds for immediate termination of the Agreement.
   Immediate termination may also apply in cases of deliberate falsification of compliance documentation, concealment of production sites, or the use of unapproved or non-nominated chemical, packaging, or labeling suppliers.

3. **Liquidated Damages:**
   Supplier agrees that breaches of this Code, particularly those leading to reputational or regulatory harm to Lager 157, are difficult to quantify. The parties agree that a reasonable pre-estimate of liquidated damages for a material breach of Sections 3, 4, 5, 6, 8, 15, or 16 of this Code shall be 100% of the total purchase order value.
   In addition, any breach resulting in product recall, REACH non-compliance, or failure to meet product safety (GPSR) obligations shall entitle Lager 157 to recover all direct and indirect costs related to testing, destruction, or remediation of affected products.

4. **Indemnification:**
   Supplier shall indemnify Lager 157 against third-party claims and reasonable, documented losses, costs and expenses, including reasonable legal fees and costs of product withdrawal, recall and remediation, to the extent caused by a breach of this Code by Supplier or its production units.
   Supplier shall not be liable to the extent that the loss was caused by Lager 157's negligence or wilful misconduct. Lager 157 shall promptly notify Supplier of any claim, take reasonable steps to mitigate its losses and give Supplier a reasonable opportunity to participate in its defence. No settlement imposing obligations on Lager 157 may be agreed without its prior written consent. No loss may be recovered more than once under this Code or the Agreement.

5. **<u>Third-Party Audit Cooperation:</u>**
   Failure to grant Lager 157 or its nominated third-party auditors full access to production sites, documents, or compliance data upon request shall constitute a breach under this section and may lead to immediate suspension of all ongoing purchase orders until compliance is verified.

The information above is certified by

Place and date

Signature

Printed name