



The Krones Group Supplier Code of Conduct

Partners for the future

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Partners for the future

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1

Partners for the future



Dear Business Partners,

with the Krones target picture and the corresponding claim “Solutions beyond tomorrow”, we have made it our mission to combine sustainability and success. However, we do not simply view sustainability as a means of achieving our ambitious climate targets. For us, sustainable business also includes the principles of human rights, fair working conditions and the fight against corruption. This means that, despite – or precisely because of – the complexity that increasingly defines our business areas, we regularly pause for a moment to check whether our business relationships with our suppliers also contribute to our sustainability targets.

We expect our business partners* to comply with applicable laws, as well as internationally recognised environmental, social and governance standards (ESG standards), such as the OECD Guidelines, the UN Guiding Principles on Business and Human Rights and the ten principles of the UN Global Compact. We also expect our business partners to make every effort to ensure compliance at all their sites and with their own suppliers and subcontractors.

* In this context, the term “business partner” includes business partners on the purchasing side, such as suppliers, service providers, licensors and licensees, as well as other technology partners.

In addition to the standards mentioned above, the Krones Supplier Code of Conduct represents our understanding of these ESG sustainability principles and is binding against the background of the German Supply Chain Duty of Care Act.

The Supplier Code of Conduct contains established practices and sets out our expectations of how you as a business partner must assume ethical, social and environmental responsibility. For us, it forms the basis for long-term, successful and sustainable cooperation.

Christoph Klenk

Chairman of the Krones AG Executive Board





“Krones needs a grand and ambitious vision to develop further: ‘Solutions beyond tomorrow’ is our contribution to a liveable, sustainable and successful future. For the achievement of this goal, we also hold our business partners accountable.”

Christoph Klenk
CEO

Krones target picture

Solutions beyond tomorrow.

With this claim and the associated target picture, Krones is taking a very clear path towards the future. Together with our customers, who are primarily based in the food and beverage industry (liquid food), we are tackling three of the greatest challenges facing mankind: climate change, feeding the world's population, and responsible use of packaging materials.

These ambitious goals require innovative solutions that “go beyond tomorrow” – solutions that benefit humanity and our planet sustainably and in the long term. At the same time, they should also contribute to the goals of our customers and suppliers. In order to consistently pursue this claim as a pioneer in the industry, Krones uses its expertise and innovative strength to reduce the consump-

tion of resources and the generation of waste and emissions. At the same time, we listen to our customers' needs and use our solutions to improve their production performance.

We consider it our corporate responsibility to do so and therefore put our heart and soul into achieving our target of combining success and sustainability. To this aim, we work together with all stakeholders in a spirit of trust and respect and keep our promises. We treat everyone with unbiased respect and always reflect on our own conduct. We also encourage unconventional thinking and drive our company forward with ambitious goals. We expect our business partners to also base their value creation on these principles.

Together we shape the future – beyond all expectations.





SOLUTIONS BEYOND TOMORROW



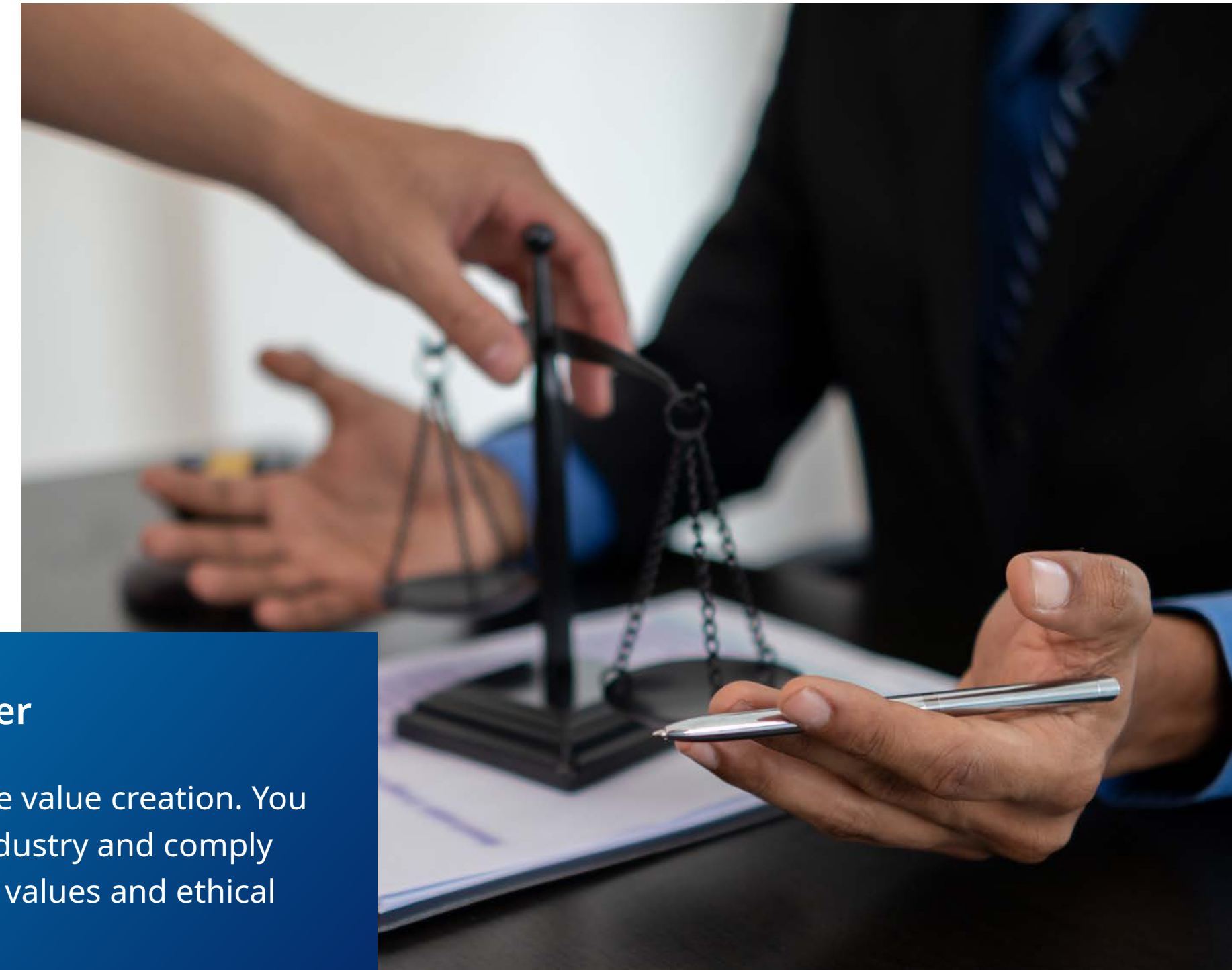
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Acting in accordance
with the law and
ethical principles

Complying with legal, social and political framework conditions

Compliance with applicable law is a matter of course for Krones. As a globally active company, it must observe a wide range of social, political and legal conditions in all its business processes, market activities and relationships with business partners and third parties.

Therefore, Krones' basic principle is to conduct its business, regardless of whether in Germany or abroad, in the parent company or a subsidiary, consistently in accordance with legal regulations, norms, industry standards and its own internal regulations.



Your contribution as a business partner

As a business partner, you practise sustainable value creation. You know the legal regulations relevant to your industry and comply with them. In addition, you respect local laws, values and ethical concepts of the respective Krones location.

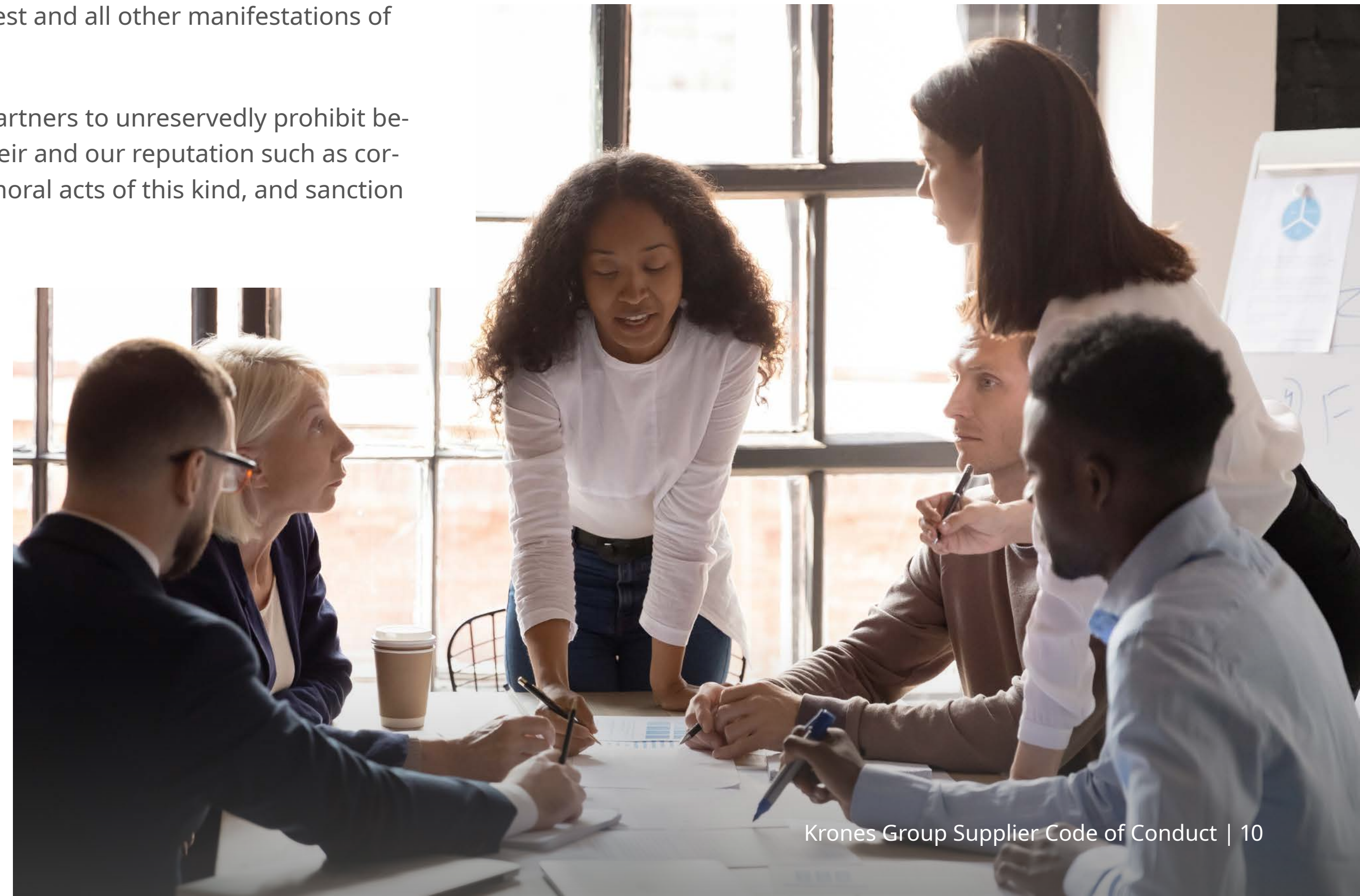
The Anti-Corruption Programme

The term corruption covers the abuse of power entrusted to someone to procure for oneself or for third parties a tangible or intangible advantage to which there is no lawful entitlement.

Our business partners are prohibited from offering Krones Group employees any amount of money, gifts, loans, discounts, or valuables that could tempt the employees to act in breach of their duties. This does not apply to gifts and invitations that are within the scope of customary business hospitality, manners and courtesy, and therefore within the permitted range of gifts and gratuities handled at Krones.

The Krones Anti-Corruption Programme sets out specific components for dealing with corruption. Krones is committed to promoting business exclusively through quality and integrity. Krones therefore pursues a zero-tolerance policy with regard to bribery/corruptibility, conflicts of interest and all other manifestations of corruption.

We also expect our business partners to unreservedly prohibit behaviour that is damaging to their and our reputation such as corruption, bribery and other immoral acts of this kind, and sanction such behaviour if necessary.



Conflicts of interest

Conflicts of interest may arise when private interests meet professional interests. This includes close relationships between employees and superiors, with customers, suppliers or service providers and with competitors, as well as third-party business interests or financial interests.

We maintain a respectful working relationship with our business partners. Nonetheless, we ensure that business and private interests are strictly separated at Krones. No individual may abuse their own position in the company for their own benefit or the benefit of their family or friends. The aim is to make ethically correct, transparent decisions at all times and to avoid or at least disclose conflicts of interest in good time. We also expect our business partners to ask their employees to disclose any assumed or actual conflicts of interest in connection with Krones.



Your contribution as a business partner

1

As a business partner, you must always signal that, even if a contract is concluded satisfactorily for both parties, accepting or granting a personal advantage is out of the question for you.

2

As a business partner, you make your decisions regarding your business activities with Krones based solely on objective criteria so that both companies may be protected from financial or reputational damage.

Conduct towards the competition

Krones supports free and undistorted market competition and is committed to dealing fairly with its competitors. In turn, Krones expects the same from other market participants, especially from its suppliers.

In order to avoid violations of antitrust law, agreements on prices and conditions, as well as agreements for the purpose of market sharing, are thus prohibited in line with national and supranational regulations.

Your contribution as a business partner

As a business partner, you comply with national and supranational regulations in the area of competition law.





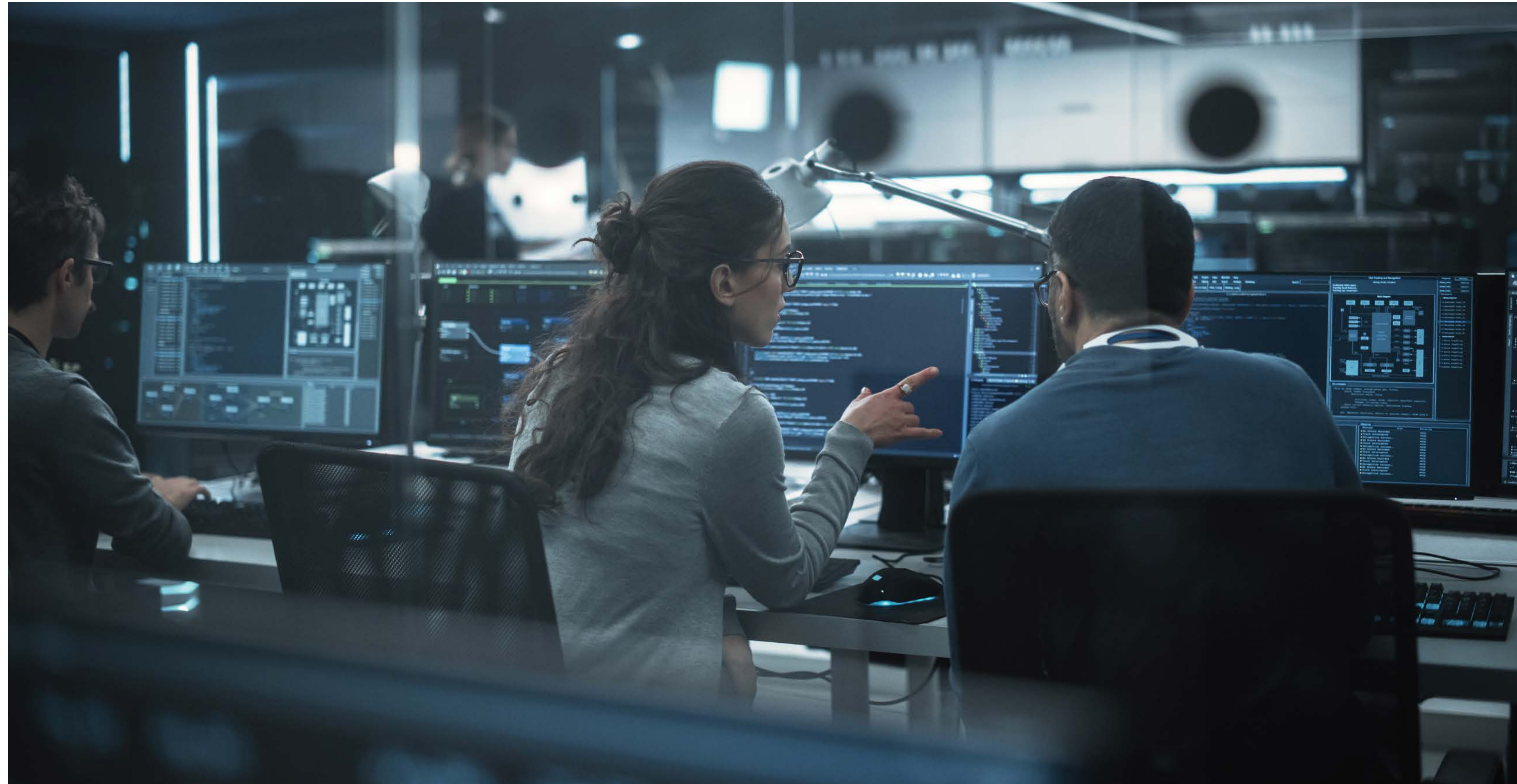
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Handling knowledge and information at Krones

Cyber security – protection of information and systems

The protection of information and information-processing systems is fundamental for smooth operation at Krones – but also for a trusting cooperation with our business partners. Security must be guaranteed for internal information and systems, both in the office and in the production area, as well as for IT products and IT services for customers. Built on ISO 27001 and the IEC 62443 series, the Group-wide Cyber Security Policy forms the basis on which Krones protects both its own business secrets and sensitive information from and about business partners above and beyond the legal requirements.

At Krones, we are continuously working to improve cyber security within the Group. We therefore expect our suppliers to pursue this topic just as consistently. This is ensured by setting up an information security management system (ISMS), ideally based on the ISO/IEC 27001 standard.



On the one hand, cyber security means that information is treated confidentially and employees are sensitised to this through regular training and are obliged to maintain confidentiality. This also includes the responsible use of technologies such as cloud services, social media and systems based on artificial intelligence.

The other fundamental component is the protection of data and systems using technical and organisational security measures, as well as their continuous improvement. This also includes appropriate risk management and ensuring that our own products and services are state of the art as regards security and – where applicable – comply with legal requirements.



Your contribution as a business partner

1

As a business partner, you are familiar with and comply with both the legal guidelines and the Cyber Security Requirements for suppliers of the Krones Group (see the [download portal](#) under www.krones.com).

2

You view cyber security as a core component of your IT products and services for their entire life cycle and are guided by current best practices. You provide Krones with information about the security of your products and services on request. By continuously improving your cyber security, you help Krones to protect its own information and IT systems, as well as those of our customers. You communicate security issues and vulnerabilities immediately and transparently to your Krones contact persons.

Data protection – handling of personal data

Data protection affects us all in some way. That means that every business partner is also responsible for complying with data protection regulations.

At Krones, the EU General Data Protection Regulation (EU GDPR) is the most important legal basis for the handling of personal data. Its requirements are mapped in the Group's central data protection policy and supplemented by additional local regulations for the respective countries.

Our suppliers must also guarantee data protection and cyber security within their organisation, within their supply chain and across national borders. This means that they must protect personal data using suitable technical and organisational measures and comply with the applicable data protection laws. They safeguard the rights and freedoms – in particular the right to informational self-determination of the persons involved – and have an obligation to provide transparency regarding how personal data is processed. In accordance with data protection laws, personal data may only be used if it is required for specified and legitimate purposes. As soon as such a purpose no longer exists, the data must be deleted immediately.



Your contribution as a business partner

1

As a business partner, you protect personal data by taking suitable technical and organisational measures and respect the principles of lawfulness, appropriation, data minimisation and integrity.

2

You make the use of the data transparent for the persons involved and delete it immediately as soon as the lawful purpose no longer exists.

4

Social responsibility



Environmental and climate protection

We have set ourselves Group-wide targets with an aim to making a positive contribution to environmental and climate protection and thus supporting the preservation of ecosystems in line with our target picture.

These targets also include the upstream and downstream supply chains. Krones therefore also expects its business partners to analyse the impact of their business activities on climate change, biodiversity and the protection of water and marine resources, to identify risks and implement appropriate measures. Here the focus is, among other things, on the following:



1

Reducing the volume of materials

2

Increasing the recycled proportion of the materials used

3

Switching to materials with lower emissions

4

Avoidance of waste or better utilisation of materials

5

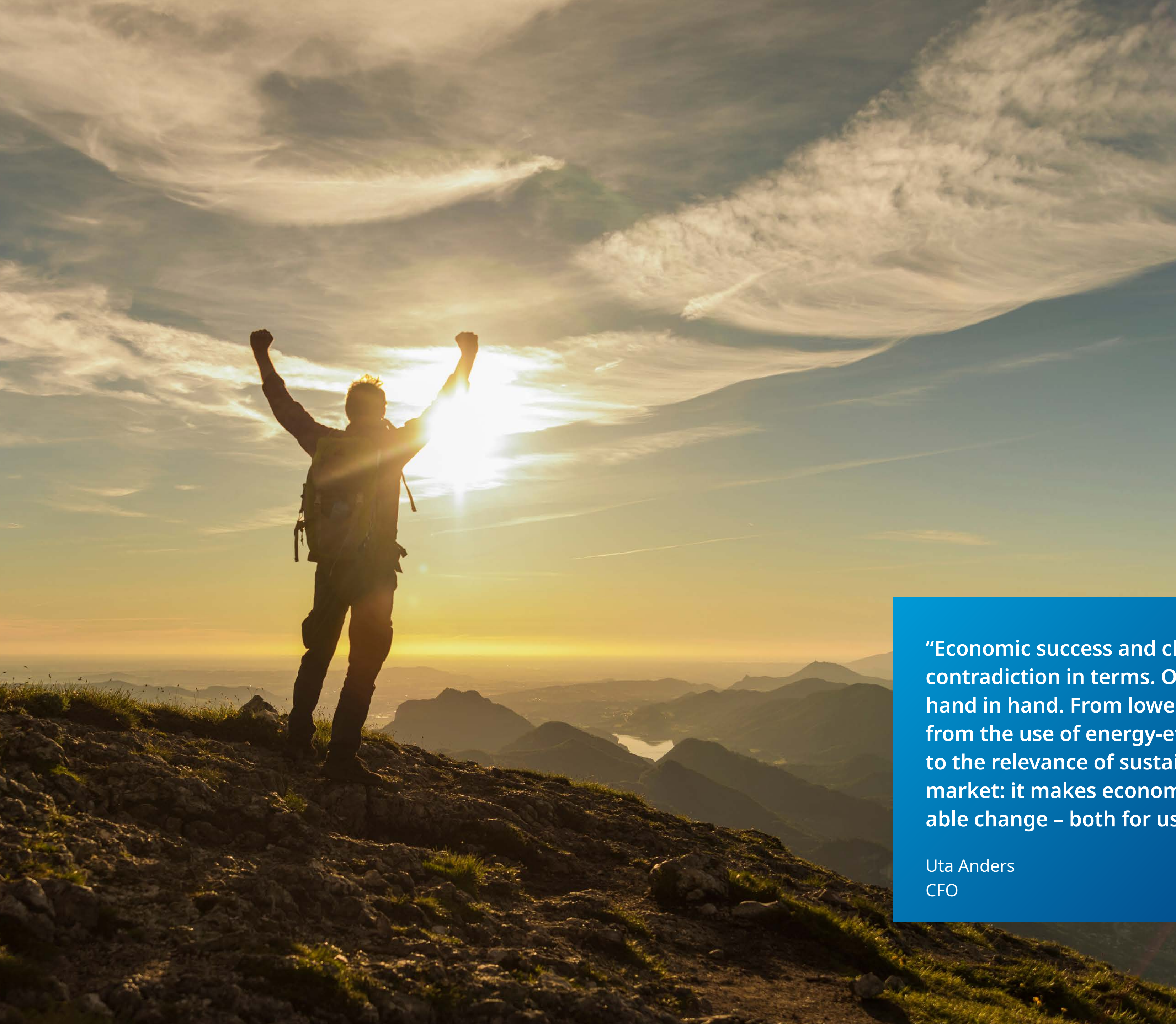
Using renewable energies in the supply chain

Your contribution as a business partner

As one of Krones' business partners, you act in accordance with applicable laws, regulations and binding obligations. You also ensure that decisions are not made solely on the basis of economic factors. Using a holistic sustainability management approach, you always consider the consequences of your activities for the environment, society and governance (ESG), and how these influences can be shaped in terms of sustainable development. This is made evident through efficient water, waste and disposal management, as well as climate-friendly energy and emissions management.



Business partners must meet their responsibility to environmental and climate protection – both in the production process and in their products and services.



“Economic success and climate protection are not a contradiction in terms. On the contrary, the two go hand in hand. From lower operating costs that stem from the use of energy-efficient technology through to the relevance of sustainability for the financial market: it makes economic sense to invest in sustainable change – both for us and for our customers.”

Uta Anders
CFO

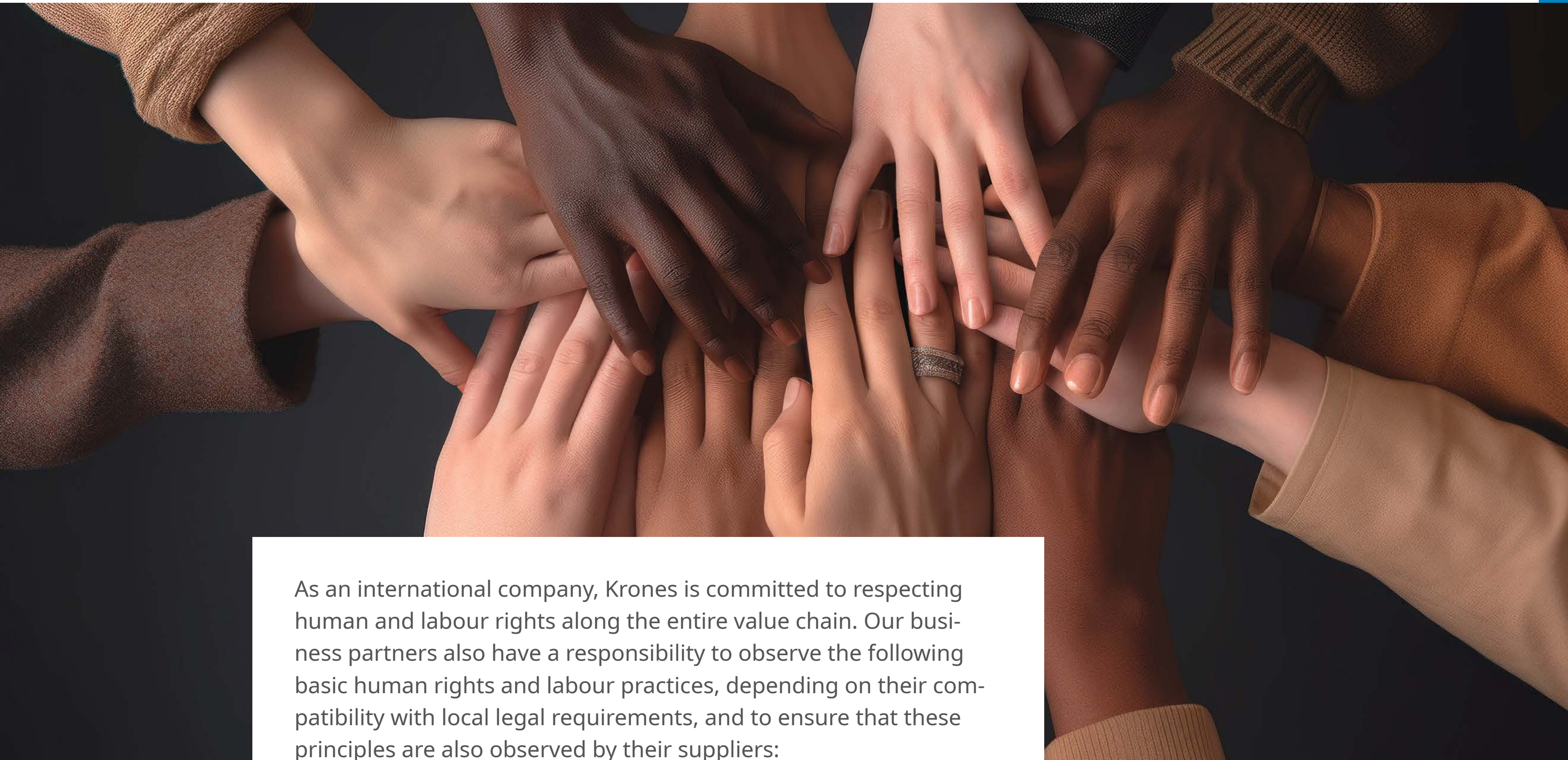


“A decentralised value chain with a regional focus plays a decisive role in the future of the Group. This is because short distances are key if we are to supply our customers with our products and services as quickly, inexpensively and with the lowest emissions possible. By further expanding our international corporate facilities and increasingly utilising local procurement sources, we can boost both our appeal as a supplier and our sustainability performance.”

Ralf Goldbrunner
COO



Respect for human rights



As an international company, Krones is committed to respecting human and labour rights along the entire value chain. Our business partners also have a responsibility to observe the following basic human rights and labour practices, depending on their compatibility with local legal requirements, and to ensure that these principles are also observed by their suppliers:

1

Prohibition of forced labour

- No direct or indirect involvement in modern slavery, forced or compulsory labour, or human trafficking
- No use of labour as a punitive measure or as a means of ideological or political discrimination
- No depositing of identity documents as labour security and freedom of dismissal following reasonable notice

2

Prohibition of child labour

- No recruitment of employees who cannot prove that they are at least 15 years old (14 years old in exceptional cases)
- No employment of persons under the age of 18 for physically dangerous work or night work

3

Non-discrimination and humane working conditions

- Equal opportunities and the equal treatment of our employees irrespective of their skin colour, nationality, ethnicity, political affiliation, social background, disability, sexual orientation, religious beliefs, gender and age
- No endorsement of unequal pay for work of equal value
- No inappropriate treatment of workers such as mental and physical hardship, sexual harassment or other inhumane acts

4

Regulated working conditions

- Establishment and exchange of written and comprehensible information on working hours, remuneration and working conditions between employee and employer prior to commencing work
- Conformance of the contractually agreed working hours with national legislation and industry standards while complying with the following minimum rules:
No exceedance of 48 hours per week and 60 hours per seven days
- No use of voluntary overtime as a substitute for regular employment and appropriate compensation for overtime
- Payment of appropriate, sufficient wages in line with national requirements or the industry standard and compliance with all applicable pay and remuneration regulations
- No use of wage deductions as disciplinary measures and obtaining the consent of the employee concerned for legally permitted wage deductions

5

Freedom of assembly and association

- Respect for the independence of trade unions and recognition of the right to form and join trade unions and to participate in wage negotiations
- No preferential or discriminatory treatment of trade union members

6

Health and safety

- Implementation of an effective occupational health and safety management system
- Provision of a safe and hygienic workplace

7

Other human rights

- No creation of measurable environmental damage such as soil, air or water pollution, dangerous noise emissions or excessive water consumption which endanger the supply of food, access to drinking water, sanitation or personal health
- No unlawful clearing of land, forests and waters. Preservation of the livelihoods of individuals or groups of people
- No abusive deployment or use of private and public security forces



Your contribution as a business partner

As a business partner, in addition to the applicable legal provisions, you are also sensitive to all human rights issues, are familiar with the fundamental provisions and requirements and are vigilant to possible human rights violations – both within the company and in the upstream and downstream value chain. In the event of a violation, you contact the relevant authorities and report the violation.

5 Commitment and monitoring



Monitoring, controls and audits

We expect our business partners to have all necessary and sufficient internal procedures and measurement processes in place to ensure compliance with all of the above principles. Krones recognises that the achievement of the standards set out in this Supplier Code of Conduct is a dynamic process and encourages business partners to continually improve their processes. Where necessary,

Krones will support the establishment of milestones and systems to ensure the continuous improvement of practices. Every business partner shall permit Krones to monitor compliance with these principles in the form of audits or to have an independent third party approved by both parties monitor compliance and take appropriate action in the event of non-compliance.



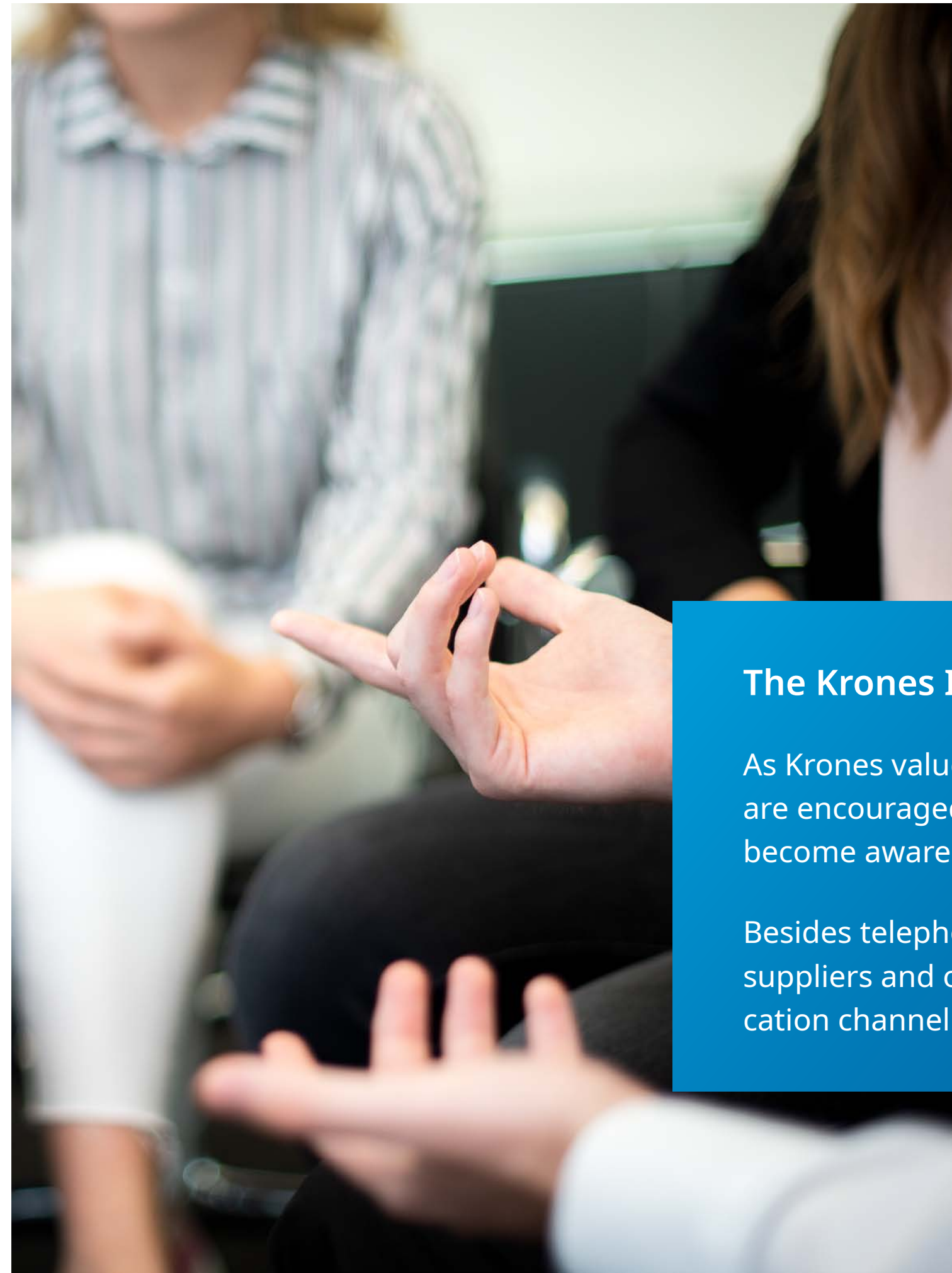
Dialogue with business partners

All Krones business partners shall communicate the principles anchored in this Supplier Code of Conduct to their subcontractors and other business partners and shall ask them to base their actions on the same standards.



Reporting channels for violations and their consequences

Irrespective of the sanctions provided for by law, every business partner must expect the enforcement of legal consequences in the event of a breach of statutory regulations or the Supplier Code of Conduct. Thus, this Supplier Code of Conduct is a contractual obligation. Any breach of the principles and requirements set out in this Supplier Code of Conduct will be considered a material impairment of the contractual relationship on the part of the business partner. In the event of suspected non-compliance with the principles and requirements set out in the Supplier Code of Conduct (e.g. through negative media reports), Krones reserves the right to demand the disclosure of the relevant facts. Furthermore, Krones has the right to terminate individual or all contractual relations with business partners without notice if the business partners demonstrably fail to comply with the Supplier Code of Conduct or do not aspire to achieve and implement improvement measures despite Krones having given them a reasonable period of time in which to do so.



The Krones Integrity Reporting System

This online portal is aimed at both internal and external parties who identify a gap in compliance with laws or regulations in relation to the Krones Group and its supply chain. The system is operated by an independent provider in order to guarantee users the highest level of access and data protection, as well as encryption of the content and a secure connection. In this way, reports can be submitted worldwide and around the clock – securely, confidentially and, if required, anonymously.

The Krones Integrity Reporting System

As Krones values an open corporate culture, all employees and external third parties are encouraged to approach contact points within the company in confidence if they become aware of compliance risks.

Besides telephone, e-mail and other options, Krones offers its employees, customers, suppliers and other business partners a secure reporting portal as an additional notification channel: the Krones Integrity Reporting System.

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Krones AG
Corporate Governance
Böhmerwaldstraße 5
93073 Neutraubling
Germany
Telephone +49 9401 70-0
E-mail info@krones.com
compliance@krones.com
Internet www.krones.com

Stand 01/24

