

# SUPPLIER CODE OF CONDUCT

## VERHALTENSKODEX FÜR ZULIEFERNDE



N3 Engine Overhaul Services



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### PREAMBLE

N3 Engine Overhaul Services GmbH & Co. KG (N3) is the European technology centre for the maintenance and repair of Rolls-Royce engines. As a joint venture between Lufthansa Technik AG and Rolls-Royce plc, we have established a market-leading position and support airlines from all over the world. The use of state-of-the-art processes, our expertise, the exceptional qualifications and motivation of our employees enable us to provide our customers with reliable and efficient flight operations.

N3 is committed to conducting its business activities in accordance with the applicable laws, guidelines and regulations. We always want to act responsibly and strive to **harmonise social, environmental and economic concerns**. In doing so, N3 provides a fair and ethical working environment that promotes diversity, equality and inclusion and minimises the impact on the environment. For us, **fair competition** is essential.

We aim to comply with the UN Guiding Principles on Business and Human Rights and the eleven core labour standards of the International Labour Organization (ILO) at all times.

**Compliance with the law** is, of course, one of our fundamental principles. N3 is subject to the German Supply Chain Duty of Care Act and commits, among other things,

to comply with the Minamata Convention, the Stockholm Convention and the Basel Convention. This Code of Conduct for Suppliers is based on the aforementioned regulations. We also want to build our **supplier relationships** on these values and expect our suppliers to share them with us. Our suppliers should support us in our endeavours and also anchor responsible and sustainable action in our supply chain. We therefore select our suppliers not only according to economic criteria, but also take quality, social standards and sustainability into account. The principles for our own actions are defined in our Code of Conduct.

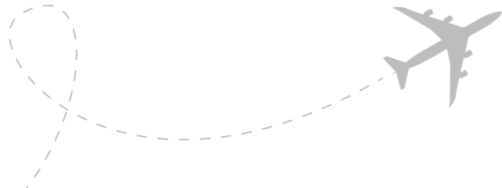
This **Supplier Code of Conduct** sets out our expectations of our suppliers in more detail. It focuses on the three areas of **environment, social and governance** and is intended to ensure that our suppliers of goods and services comply with the listed standards. **Respect for human rights, compliance with labour and health standards, environmental protection and acting with integrity** are particularly important to us. N3 therefore does not tolerate unethical business conduct such as corruption, bribery, forced labour, child labour or violations of environmental, labour and social standards. In the long term, we only work with suppliers who share our values and attach the same importance to sustainability as we do.





## REQUIREMENTS FOR SUPPLIERS

This Code of Conduct applies to all N3 suppliers. It sets out value-based minimum standards for our suppliers, their employees and subcontractors. N3 expects all suppliers to comply with the applicable laws and regulations of the countries in which they source, manufacture, offer or supply products or services. They should align their actions with the international regulations reflected in this Code of Conduct. This Code of Conduct does not replace or override local legislation to which suppliers are also subject.





## ENVIRONMENT

N3 expects all suppliers to continuously strive to recognise and minimise the negative environmental impact of their actions and to make an active contribution to **environmental and climate protection**. It is particularly important to N3 that suppliers support them in their efforts to **protect the climate**, minimize harmful climate impacts, limit global warming and achieve their validated targets. N3 therefore also encourages suppliers to set their own climate protection targets. This includes creating transparency about their own emissions as well as those of the upstream and downstream supply chain. They should set appropriate targets and take suitable measures to avoid or reduce greenhouse gas emissions and compensate for unavoidable emissions. It is also important to N3 that suppliers do not cause any serious **environmental damage**. In particular, suppliers should not cause harmful soil change, air or water pollution, release harmful noise emissions or consume excessive amounts of water. N3 reserves the right to agree specific environmental and climate protection requirements with suppliers and to regularly monitor compliance with these requirements.

The suppliers of N3 undertake to observe the "Minamata Convention on **Mercury**", the "Stockholm Convention on **Persistent Organic Pollutants**", the "Basel Convention on the Control of Transboundary Movements of Hazardous **Wastes** and their Disposal" and the "Montreal Protocol on **Substances that Deplete the Ozone Layer**" with the aim of preventing

or minimising environmental risks. For N3, responsibility for the environment means the prudent and efficient use of resources. Suppliers should develop, produce and deliver their products and services in such a way that the **consumption of natural resources** and the quantities of waste, waste water, exhaust gases and other negative environmental impacts are minimised or avoided. This applies to their raw and basic materials, their production, (re)utilisation, recycling and disposal. Suppliers of N3 whose products contain raw materials in accordance with the "**EU Deforestation Regulation**" must prove that these raw materials were not produced on areas that have been deforested or whose production has damaged forest areas. Furthermore, they must demonstrate that their production was carried out in accordance with human rights. This applies analogously to other raw materials that will be included in this regulation at a later date.

N3 prefers suppliers that pay attention to the protection of **biodiversity** and **particularly endangered species** in the raw materials, production, transport, (re)use and recycling of their products and services and actively contribute to their protection. N3 expects suppliers to support initiatives to promote greater **environmental responsibility** for the environment and to promote the development and dissemination of **environmentally friendly technologies**.

## SOCIAL COMMITMENT

N3 expects all suppliers not to participate in or contribute to human rights abuses. They should respect internationally recognised **human rights as well as labour and social standards** and actively support their protection. This applies both in their own business area and in their supply chain. Suppliers must not use child labour, especially not the worst forms of **child labour**. They should actively advocate the elimination of child labour (ILO core labour standards 138 and 182). Suppliers of N3 must not use or tolerate any form of **(modern) slavery, servitude, forced or compulsory labour, human trafficking** or comparable forms of exploitation, oppression or degradation (ILO core labour standards 29 and 105). They must ensure that their employees carry out their work voluntarily and without restriction of their freedom of movement.

Our suppliers should actively advocate the elimination of all forms of forced labour or slavery. N3 expects its suppliers to respect the freedom of association, i.e. the right to form trade unions and employee representatives, and the right to collective bargaining and to advocate for their recognition (ILO core labour standards 87 and 98).

It is important to N3 that its suppliers ensure **health and safety in the workplace** and comply with the respective laws of the place of work. N3 expects its suppliers to pay their employees **appropriate and fair wages** in a timely manner, but at least the minimum wage stipulated by the applicable law. It is our goal to connect people and cultures. Our actions are therefore characterised by appreciation for every human being. The suppliers of N3 also **treat their employees and all people equally**, regardless of, for example, their national and ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion or ideology. N3 is committed to paying equal pay for work of equal value and also demands this from its suppliers. Suppliers are committed to ensuring a **respectful working environment** that is free from harassment. This includes sexual harassment (ILO core labour standards 100 and 111). Suppliers of N3 should ensure that private or public **security forces** engaged or deployed to protect their company or projects respect **human rights**.



**Responsible mineral sourcing** is important to N3. Therefore, their use, source and origin in our supply chain should be traceable. To avoid the use of raw materials that directly or indirectly finance armed groups or violate human rights, we work closely with our direct suppliers. We expect our suppliers to act in accordance with the **"EU Conflict Minerals Regulation"** when sourcing minerals N3 expects its suppliers to **respect rights to land, forests and water**. It does not accept unlawful evictions or appropriation.

## GOVERNANCE

Suppliers of N3 shall conduct their business in an ethical manner. In particular, they should never offer or promise - either directly or through intermediaries - a personal or inappropriate favour with the aim of gaining an advantage. They shall also not accept such a favour in return for preferential treatment of a third party. N3 expects its suppliers to work against **corruption** in all its forms, including extortion and bribery, as well as **money laundering**, and to expressly prohibit these activities. Suppliers of N3 are **fair competitors** and comply with all applicable antitrust laws. N3 expects its suppliers to fulfil all legal data protection requirements and all contractual obligations, such as the implementation of appropriate **data protection measures**. In particular, we assume that data protection is already ensured in the design of technical equipment and applications and through data protection-friendly default settings. This applies above all to the protection of personal data.

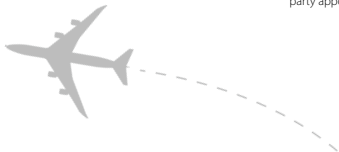
In addition, the supplier shall protect all **confidential information** of N3 and the respective business partners. N3 requires the **protection of intellectual property** when selecting suppliers. Finally, N3 expects suppliers to assist in the **clarification of information** indicating violations of this Code of Conduct. Suppliers shall make their best efforts to ensure that the whistleblowing systems established by N3 are open and known to its own employees, the employees of its suppliers and other stakeholders. N3 encourages all suppliers to establish an adequate **management system for the protection of human rights, labour and social standards as well as climate and environmental protection**.

Such a management system is adequate if suppliers adequately identify and assess existing risks in their own business area and in their supply chain and take preventive and corrective measures if risks or even violations are identified. The establishment of a whistleblowing system is also part of an adequate management system. Our preferred suppliers are constantly endeavouring to improve the efficiency and sustainability of their business activities in this regard. It is the suppliers' responsibility to train their employees, representatives and subcontractors accordingly. Suppliers should use their influence to appropriately **address and ensure** the protection of human rights, labor and social standards, climate and environment, acting with integrity and **the expectations expressed in this Code of Conduct in their own supply chains**. The suppliers must investigate particularly high risk supply chains more closely in order to trace the origin of raw materials and preliminary products. This applies in particular to agricultural goods, textiles, metals and minerals.

N3 expects its suppliers to share information about the deeper supply chain with it upon request. In order to ensure and demonstrate compliance with human rights, labour and social standards, climate and environmental protection, ethical business conduct and agreed quality standards, N3's suppliers shall keep all relevant documents and make them available to N3 upon request. To this end, suppliers shall grant **N3 audit rights** in order to be able to verify this compliance. These audits may extend to documents and on-site inspections and may be carried out by N3 or a qualified third party appointed by N3 after reasonable advance notice.



If the results of such an audit by N3 indicate that the supplier does not comply with human rights, labour and social standards, climate and environmental protection, ethical business conduct or agreed quality standards, N3 expects the supplier to take the necessary **corrective measures** without delay. In the event that N3's expectations are not met, N3 may review the business relationship and take action, which may include termination of the business relationship. N3 encourages all suppliers to **work together** with other stakeholders to achieve these goals, including across national and industry boundaries. N3 is aware of the hurdles involved in implementing and complying with all aspects of corporate and social responsibility. It **supports its suppliers** in their continuous efforts to fulfil this responsibility.



## REFERENCES

**Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal**  
<https://www.basel.int/default.aspx>

**Eleven core labor standards of the International Labor Organization (ILO)**  
<https://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.htm>

**EU Conflict Minerals Regulation**  
[https://policy.trade.ec.europa.eu/development-and-sustainability/conflict-minerals-regulation\\_de](https://policy.trade.ec.europa.eu/development-and-sustainability/conflict-minerals-regulation_de)

**EU Regulation on Deforestation**  
<https://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX:32023R115>

**United Nations Global Compact**  
<https://www.globalcompact.de/>

**German Act on Corporate Due Diligence Obligations in Supply Chains**  
<https://www.gesetze-im-internet.de/lksg/BjNR295910021.html>

**Minamata Convention on Mercury**  
<https://mercuryconvention.org/en>

**Montreal Protocol on Substances that Deplete the Ozone Layer**  
<https://ozone.unep.org/treaties/montreal-protocol>

**Paris Agreement**  
<https://eur-lex.europa.eu/content/paris-agreement/parisagreement.html>

**Responsible Minerals Initiative**  
<https://www.responsiblemineralsinitiative.org/>

**Stockholm Convention on Persistent Organic Pollutants**  
<https://www.pops.int/default.aspx>

**UN Guiding Principles on Business and Human Rights**  
<https://www.business-humanrights.org/de/schwerpunkt-themen/un-leitprinzipien/>

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**Joint venture between Lufthansa Technik  
and Rolls-Royce plc**



Imprint - Status April 2024  
[www.n3eos.com](http://www.n3eos.com)