



LTS Supplier Code of Conduct

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Content



About LTS



Principles of business activities

- Purpose
- Applicability



Human rights, working conditions

- Child labor
- Forced labor
- Remuneration and working hours
- Anti-discrimination
- Freedom of association



Health and environmental protection, preservation of livelihoods

- Occupational safety
- Environmental protection



Business ethics

- Laws and regulations
- Corruption, bribery
- Antitrust and competition law
- Data protection, confidentiality



Monitoring the LTS Supplier Code of Conduct



Contact

About LTS

WE CARE. WE CREATE. WE DELIVER.

The driving philosophy behind LTS. As a trusted technology partner for the pharmaceutical industry, we develop and manufacture innovative drug delivery systems such as Transdermal Patches (“TTS”) and Oral Thin Films (“OTF”) as well as wearable drug delivery devices (“OBDS”). LTS’ commercial offering encompasses more than 20 marketed products and a diverse pipeline of more than 40 development projects targeting multiple disease indications. LTS’s innovation pipeline

contains both, partner-funded as well as proprietary, LTS-funded projects. LTS maintains its leading position through the continuous refinement of its core TTS and OTF technologies and by advancing emerging drug delivery technologies, including Microneedle Array Patches (“MAP”) for the transdermal delivery of small and large molecules, biological actives and vaccines. With its Sorrel™ wearable drug delivery platform LTS offers patient friendly solutions for complex drugs delivery at home.

Founded in 1984, LTS operates today from four sites: Andernach, Germany, West Caldwell, NJ, USA, St. Paul, MN, USA and Netanya, Israel. LTS has also a representative office in Shanghai, China.

LTS mission is to enable partners to sustainably maximize their business value through respectful consideration of natural resources, human rights, international standards and legal frameworks.

Principles

of business activities

Purpose

This Supplier Code of Conduct sets the minimum standards all suppliers agree to comply with, in order to respect and protect human and labor rights, occupational health and safety, business integrity, protection environment and natural resources.

Applicability

We expect our providers of goods and services (hereinafter collectively referred to as “business partners”), their employees, representatives, and subcontractors, as well as sales intermediaries (e.g. dealers, distributors, wholesalers, agents and resellers) to comply with the principles contained herein. We regard the passing on of these principles by business partners to their employees, representatives and suppliers as well as the corresponding training of the groups of people concerned and the observance and monitoring of compliance with the standards as critical to the LTS and supplier relationship.

Human rights, working conditions



Human rights, working conditions

The human rights strategy of LTS is documented in a declaration of principles. LTS regards respect for and compliance with human rights as a fundamental obligation and expects its business partners to ensure compliance with United Nations Guiding Principles on Business and Human Rights, as well as International Bill of Rights (i.e. the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights specified by the International Labour Organization (ILO).

This requires the business partner to recognize the following principles in particular.

Child labor

Child labor is prohibited: Children under the age at which mandatory schooling ends according to the law of the place of employment may not be employed, whereby the age of employment may not be less than 15 years. Employment of children under the age of 18 may only take place in non-hazardous activities insofar as this is covered by local legislation.

Freely Chosen Employment

The business partner shall not use, tolerate, or benefit from forced labor or involuntary labor in any form. It may not use factories or production facilities in which the work is performed by involuntary or unpaid workers. The work must be performed voluntarily. In particular, Suppliers shall act in accordance with

- Convention No. 29 of the ILO
- International Covenant on Civil and Political Rights.

Employees shall have the right to terminate the employment relationship in line with the generally accepted period of notice at the place of employment.

Remuneration and working hours

The business partner's employees must receive appropriate wages and benefits that comply with national and local laws and binding collective bargaining agreements, if applicable. The business partner must ensure that its employees work in accordance with all applicable laws and binding industry standards in terms of the number of hours and days worked. Wages and benefits must be paid regularly and be recorded. Business partner is expected to contribute to employee's parental leave and health service/insurance as required by national legislation.

Anti-discrimination

The business partner must not discriminate employees on the basis of race, ethnic origin, social background, health status, disability, sexual orientation, skin color, religion or ideology, gender, age, physical ability, nationality, political opinion or any other grounds prohibited by law during the entire period of employment.

Freedom of association

The business partner must respect the employees' legal right to freedom of association (such as the right to collective bargaining). Employees shall be free to join or form trade unions without retaliation, discrimination, or hindrance. Trade unions may operate freely and in accordance with the law of the place of employment.

Health and environmental protection, preservation of livelihoods



Health and environmental protection, preservation of livelihoods

Occupational safety

Occupational health and safety is part of LTS's corporate philosophy. The business partner must provide employees with a safe and healthy working environment and comply with all applicable laws on occupational safety, health protection and accident prevention.

Suitable protective measures must be taken to avoid exposure to chemical, physical or biological substances and measures must be implemented to prevent excessive physical and mental fatigue in the work process.

Environmental protection

The business partner must act responsibly towards the environment and ensure compliance with the laws and regulations that apply in the country in which products are manufactured or services are provided. They should take appropriate measures (e.g. according to Science Based Targets initiative – SBTi and Greenhouse Gas Protocol – GHG), to reduce or eliminate the emissions generated by their activities and conserve natural resources (e.g. water and non-renewable resources).

The business partner is expected to consider its impact on biodiversity and to protect natural ecosystems from deforestation, forest conversion or land conversion.

The business partner must comply with the following conventions as applicable under the applicable national law when handling hazardous substances:

1. Minamata Convention on Mercury (dated October 10, 2013)
2. Stockholm Convention on Persistent Organic Pollutants (POPs Convention); dated May 23, 2001
3. Basel Convention on the Export of Hazardous Waste (of March 22, 1989)

Business ethics



Business ethics

Laws and regulations

The business partner must comply with the applicable laws and regulations of the country in which the service is provided or the product is manufactured.

Corruption, bribery

LTS does not tolerate bribery in any form. No business partner may directly or indirectly demand, accept, offer or grant a personal advantage in connection with business activities. If LTS invites tenders for the provision of a service, any disclosure of information about a bidder or its offer to another bidder is prohibited. Business partners must comply with all

applicable anti-corruption laws, rules and regulations, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and those enacted under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Antitrust and competition law

We expect the business partner to conduct business in accordance with applicable antitrust and competition law. This also includes ensuring that the goods and services offered to LTS are free from anti-competitive agreements, such as price fixing with competitors.

Data protection, confidentiality

LTS expects the business partner to treat business secrets and information confidentially and to protect them against unauthorized access. Personal data is collected, processed, stored or used exclusively for the relevant operational purposes within the framework of the applicable laws and regulations.

Monitoring

the LTS Supplier Code of Conduct

In order to comply with the principles of the LTS Supplier Code of Conduct, LTS expects its business partners to inform all employees, subcontractors and suppliers of the content of the LTS Supplier Code of Conduct and to ensure that the aforementioned also comply with the provisions contained therein.

If the violation of a human rights-related or environmental obligation at a direct supplier is of such a nature that the company cannot stop it in the foreseeable future, we expect the business partner to draw up and implement a concept for ending or minimizing it with a concrete timetable.

LTS expects its business partners to encourage their employees to report violations of laws, regulations and the LTS Supplier Code internally.

If employees identify risks or violations in the area of human or environmental rights, they are enabled to report them to LTS using the complaints procedure ([see LTS homepage](#)). LTS may temporarily suspend or terminate any individual or all contractual/business relations by giving written notice to the business partners at no cost with immediate effect, if the business partner fails to take corrective actions within the agreed grace period.

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