

# Global Supply Chain Policy on Child Labor



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# 1 Purpose

This Global Supply Chain Policy on Child Labor (the "Policy") sets out how PolyPeptide Group AG, together with its consolidated subsidiaries ("PolyPeptide") will comply, in accordance with the Swiss Code of Obligations (the "CO") and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (the "DDTrO"), with its due diligence and transparency obligations in its Supply Chain in relation to Child Labor. The implementation of this Policy will help PolyPeptide to avoid and address any adverse impacts related to Child Labor that may be associated with its Supply Chain.

PolyPeptide's Supply Chain due diligence and reporting management system as described in this Policy is an essential element in (i) detecting any products or services in its Supply Chain in relation to which there is a reasonable suspicion that they have been manufactured or provided using Child Labor, (ii) identifying and assessing the risks of adverse impacts in PolyPeptide's Supply Chain, (iii) establishing a risk management plan and taking measures to minimize the risks identified, regularly reviewing the effectiveness of the measures taken, including internal documentation, and (iv) preparing and publishing a yearly report on compliance with the due diligence obligations. This Policy further outlines PolyPeptide's Supply Chain Traceability System in relation to Child Labor.

As an integral part of our Supply Chain management system, this Policy is based on and to be read in conjunction with (i) our [Supplier Code of Conduct](#)<sup>1</sup>, (ii) the ILO Conventions Nos 138<sup>2</sup> and 182<sup>3</sup>, (iii) the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015<sup>4</sup>, and (iv) the OECD Due Diligence Guidance for Responsible Business Conduct of 30 May 2018<sup>5</sup>. This Policy further supports PolyPeptide's environmental and human rights sustainability objectives.

# 2 Scope

This Policy applies to PolyPeptide and covers the due diligence in PolyPeptide's Supply Chain in relation to Child Labor and reporting thereon.

# 3 Principles

PolyPeptide strives to remain focused on the needs of its customers and its business, while adhering to fundamental principles of ethics and compliance, such as the United Nations Convention on the Rights of the Child<sup>6</sup>, the Children's Rights and Business Principles developed by UNICEF, the United Nations Global Compact and Save the Children<sup>7</sup> and UNICEF's Children are everyone's business workbook 2.0<sup>8</sup>. The foundation of its commitment is its [Code of business conduct and ethics](#)<sup>9</sup> and [Supplier Code of Conduct](#), which are mandatory for all employees, vendors, consultants and other business associates across PolyPeptide.

PolyPeptide is aware of the problem of Child Labor in global value chains and takes its responsibility to respect human rights in its own operations and throughout its Business Relationships seriously, meaning to act with due diligence to avoid infringing on the rights of others and to address adverse impacts with which it is involved. PolyPeptide is committed to complying with all applicable laws and regulations on Child Labor.

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<sup>1</sup> Accessible on: [www.polypeptide.com/investors/corporate-governance/](http://www.polypeptide.com/investors/corporate-governance/).

<sup>2</sup> Accessible on: [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312283](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312283).

<sup>3</sup> Accessible on: [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C182](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182).

<sup>4</sup> Accessible on: [www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/instructional\\_material/wcms\\_ipec\\_pub\\_27555.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/instructional_material/wcms_ipec_pub_27555.pdf).

<sup>5</sup> Accessible on: [mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm](http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm).

<sup>6</sup> Accessible on: [www.unicef.org/child-rights-convention/convention-text#](http://www.unicef.org/child-rights-convention/convention-text#).

<sup>7</sup> Accessible on: [www.unicef.org/documents/childrens-rights-and-business-principles](http://www.unicef.org/documents/childrens-rights-and-business-principles).

<sup>8</sup> Accessible on: [www.unicef.org/vietnam/media/2281/file/Children%20are%20everyone's%20business%20workbook%202.0.pdf](http://www.unicef.org/vietnam/media/2281/file/Children%20are%20everyone's%20business%20workbook%202.0.pdf).

<sup>9</sup> Accessible on: [www.polypeptide.com/investors/corporate-governance/](http://www.polypeptide.com/investors/corporate-governance/).

## 4 Definitions

Term	Meaning
<b>Adverse Impact</b>	An adverse impact on protected persons resulting from non-compliance with due diligence obligations as set out in this Policy.
<b>Business Relationship</b>	A relationship with a contractor, subcontractor or any other legal entities ('partner').
<b>Child Labor</b>	<p>Refers to:</p> <ol style="list-style-type: none"> <li>1. any form of work performed within or outside an employment relationship by persons who have not reached the age of 18 and which is among the worst forms of child labor as defined in Article 3 of ILO Convention No. 182;</li> <li>2. in the case of work performed on the territory of a State which has ratified ILO Convention No. 138, in addition: any form of child labor prohibited under the legislation of that State, provided that the legislation is in conformity with ILO Convention No. 138;</li> <li>3. in the case of work performed on the territory of a State which has not ratified ILO Convention No. 138, in addition: <ul style="list-style-type: none"> <li>- any form of work performed within or outside an employment relationship by persons who are subject to compulsory education or who have not yet reached the age of 15; and</li> <li>- any form of work performed within or outside an employment relationship by persons who have not reached the age of 18, provided that such work, by its nature or the circumstances in which it is performed, is likely to be dangerous to the life, health or morals of the young person concerned.</li> </ul> </li> </ol> <p>Child labor as defined above does not include activities in the context of vocational training or light work within the meaning of Articles 6 and 7 of ILO Convention No. 138.</p>
<b>Representatives</b>	All directors, officers, employees, and individuals serving as independent contractors or consultants of PolyPeptide and any of its subsidiaries.
<b>Supply Chain</b>	A process that includes an undertaking's own business activity and that of all upstream economic operators that offer products or services in relation to which there are reasonable grounds to suspect that they have been manufactured or provided using Child Labor. Upstream supply chain refers to all actors preceding the undertaking concerned in the production chain that provide (value-added) services for the product and service. <sup>10</sup>

<sup>10</sup> Art. 2 para. 1(b) item 2 DDTro; p. 38 of the Explanatory Report on the DDTro of 3 December 2021, issued by the Federal Office of Justice (FOJ) of the Federal Department of Justice and Police (FDJP) ("FOJ Explanatory Report"), accessible on: [www.news.admin.ch/newsd/message/attachments/81540.pdf](http://www.news.admin.ch/newsd/message/attachments/81540.pdf).

## 5 Roles and responsibilities

### 5.1 Director Global Procurement

The Director Global Procurement, together with PolyPeptide's governance, risk and compliance officer ("GRC Officer"), have the overall responsibility for this Policy. The Director Global Procurement has established a cross-functional Supply Chain management team (the "Supply Chain Management Team") that can be reached at: [SupplyChain.compliance@polypeptide.com](mailto:SupplyChain.compliance@polypeptide.com)

The Director Global Procurement is also the recipient of all reports that may result from the application of any of the instruments listed in Section 8.1 ("Reports"). The Director Global Procurement, in consultation with the GRC Officer and/or outside counsel (as needed), will assess the results of an investigation and take any appropriate action(s) (see Sections 8 and 9 below).

The Director Global Procurement is also responsible for:

- ensuring, with the support of relevant Representatives, that the principles and requirements as set out in this Policy are embedded globally into the Group's policies and procedures and management systems and periodically checking the implementation;
- ensuring that, to the extent reasonably practicable, vendors of raw materials, goods and services are asked to adhere, during the term of any Business Relationships with PolyPeptide, to the [Supplier Code of Conduct](#);
- ensuring, together with the GRC Officer, that all Representatives are informed about this Policy and provided with periodic compliance trainings;
- monitoring and addressing, together with the GRC Officer, potential compliance issues related to applicable laws and regulations on Child Labor, with the assistance of outside counsel, as needed;
- maintaining, with the support of the GRC Officer, PolyPeptide's Risk Management Plan and its Supply Chain Traceability System; and
- annually reviewing this Policy and periodically reporting to PolyPeptide's Audit and Risk Committee and its Board of Directors about this Policy and about any investigations, audits or reports related hereunder.

The Supply Chain Management Team, with the support of PolyPeptide's Compliance Team (as needed), is responsible for:

- evaluating in accordance with the CO and the DDTro whether there is a reasonable suspicion that any products or services in PolyPeptide's Supply Chain have been manufactured or provided using Child Labor by applying the instruments listed in Section 8.1 below;
- ensuring proper documentation of the due diligence process and findings; and
- if any assessment has revealed a suspicion of Child Labor in relation to any products or services in PolyPeptide's Supply Chain, reporting to PolyPeptide's Director Global Procurement any identified risks in PolyPeptide's Supply Chain.

### 5.2 Representatives

All Representatives are obliged to:

- cooperate fully with investigations of reported violations of applicable laws and regulations on Child Labor; and
- report any apparent or suspected violations or circumventions of this Policy, including by a third-party, to the Supply Chain Management Team or via PolyPeptide's whistleblower hotlines (see Section 9.4).

PolyPeptide's Board of Directors is further obliged to comply with all applicable laws and regulations on Child Labor.

Failure to comply with this Policy, and any applicable laws and regulations on Child Labor could harm PolyPeptide’s reputation, lead to significant civil and criminal penalties<sup>11</sup> for PolyPeptide and individual employees and Representatives. Representatives who violate this Policy may be subject to appropriate disciplinary action, according to the applicable jurisdiction (this may include additional training, warning, reassignment, demotion, suspension or even termination).

### 6 Due diligence process overview

PolyPeptide shall carry out a risk-based due diligence to anticipate, avoid or mitigate potential or actual adverse impacts (risks) associated with its Supply Chain. In some limited cases, due diligence may help PolyPeptide to decide whether or not to proceed with Business Relationships as a last resort, when the risk of an adverse impact is deemed too high or because mitigation efforts have not been successful.

In this Policy, the due diligence process and supporting measures are described in a step-by-step manner, although in practice the process of due diligence is ongoing, iterative and not necessarily sequential, as several steps may be carried out simultaneously with results feeding into each other. Furthermore, meaningful engagement with relevant stakeholders is important throughout the due diligence process.



Taking into account that due diligence should be proportionate to risks and adapted to the circumstances and context of the specific company, the following Sections 7 – 9 outline measures: (1) to embed the principles as set out in this Policy into PolyPeptide's policies and management systems; (2) to undertake due diligence by identifying and evaluating actual or potential adverse impacts on Child Labor issues, (3) to respond to any findings by ceasing, preventing or mitigating adverse impacts and tracking implementation and results (“Risk Management Plan”), (4) to establish a system to document information for each product or service for which there are reasonable grounds to suspect Child Labor (“Supply Chain Traceability System”), (5) to communicate how impacts are addressed; and (6) to enable remediation when appropriate.

<sup>11</sup> For example art. 325ter of the Swiss Criminal Code penalizes (individuals) in case of intentional (para. 1) and negligent (para. 2) false reporting under Articles 964a, 964b and 964f CO).

## 7 Embed responsible business conduct into policies and management systems

The principles and requirements as set out in this Policy shall be embedded globally into the Group's policies, procedures and management systems.

A reference to this Policy shall further be included in PolyPeptide's [Code of Business Conduct and Ethics](#) as well as PolyPeptide's [Supplier Code of Conduct](#).

Implementation will be periodically checked as part of the Group's Supply Chain engagement reviews, internal audits with respect to Supply Chain engagement, and as part of routine monitoring of established Supply Chain controls.

## 8 Risk management

Devising effective Child Labor prevention and mitigation measures requires a risk assessment. PolyPeptide considers this assessment as integral part of its Enterprise Risk Management Policy and Risk Assessment and Reporting Procedure.

Importantly, with regard to supply chain risks, PolyPeptide shall maintain a focus on identifying risks to people, in particular children (rather than risk to the business alone) according to the likelihood of occurrence and severity of adverse impacts. The assessment shall be an ongoing activity as risks change over time.

### 8.1 Identification and evaluation of risks of Child Labor in the Supply Chain

This section describes the instruments that PolyPeptide uses to identify and assess the risks of Child Labor in its Supply Chain.<sup>12</sup> The instruments help PolyPeptide to risk-categorize its own operations and supply base in order to map next steps in its Supply Chain management process.

If the examination does not reveal any concrete justified suspicion of Child Labor, PolyPeptide is exempt from the due diligence and reporting obligations in the area of Child Labor. This determination must be clearly justified and internally documented in writing.<sup>13</sup>

If, on the other hand, there is reasonable suspicion of Child Labor, PolyPeptide must comply with the due diligence and reporting obligations in the area of Child Labor in accordance with art. 964k and 964l CO, as described in Sections 8.2, 8.3 and 9 below.<sup>14</sup>

If PolyPeptide identifies any other non-Child Labor related risks during the application of the instruments described below, it shall provide for or cooperate in remedial actions, as appropriate.

#### 8.1.1 Evaluation during onboarding phase and quality audits

During the onboarding phase, and to the extent reasonably practicable, PolyPeptide asks potential new vendors to confirm their compliance with PolyPeptide's Supplier Code of Conduct. In connection with PolyPeptide's supplier qualifications and/or quality audits, selected potential/existing vendors are asked to respond to questions on compliance with human rights and Child Labor and informed about this Policy.

#### 8.1.2 Obtaining assurances from economic operators in the Supply Chain and other business partners

PolyPeptide's vendors are periodically required, to the extent reasonably practicable, to renew consent to comply with PolyPeptide's Supplier Code of Conduct as revised by PolyPeptide from time to time and published on PolyPeptide's website, or otherwise made available by PolyPeptide when entering into contractual relationships with PolyPeptide. If opting to not agree to comply with the PolyPeptide [Supplier Code of Conduct](#), the vendor needs to demonstrate adherence to equal or higher standards and provide supporting evidence (e.g. any policies).

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<sup>12</sup> See exemplary list of instruments in art. 10 para. 2 DDTrO.

<sup>13</sup> See art. 5 para. 2 DDTrO.

<sup>14</sup> The examination and existence of a justified suspicion of unlawful Child Labor is a prerequisite for being subject to the due diligence and reporting obligations pursuant to art. 964j et seq. CO.

PolyPeptide may further obtain, as appropriate, explicit assurances in its supply contracts from economic operators and actors in its Supply Chain, in particular from vendors and other business partners, including customers, that the vendors will not offer products or services in relation to which there is a reasonable suspicion that they have been manufactured or provided using Child Labor.

### 8.1.3 Information, in particular from public authorities, international organizations and civil society

PolyPeptide shall, where appropriate, seek information, in particular from public authorities, international organizations and civil society, to identify, assess, eliminate or mitigate the risks of potential adverse impacts in its Supply Chain.

Such information must be plausible or comprehensible and must be substantiated by text (*i.e.*, no mere reproduction of "rumors"). Information should be obtained from various sources so that PolyPeptide can obtain the most objective view as possible. Civil society includes voluntary associations, foundations, initiatives, non-governmental organizations (NGOs), nonprofit organizations (NPOs), trade unions and the private sector. International organizations are, for example, the UN, ILO, UNICEF or the OECD.

#### 8.1.3.1 Screenings against UNICEF's Children's Rights in the Workplace Index

PolyPeptide screens its Supply Chain against the UNICEF Children's Rights in the Workplace Index.<sup>15</sup>

##### a) Risk qualification "Basic" (low risk)

The Supply Chain Management Team verifies whether there is a low risk in the area of Child Labor with regard to an upstream economic operator. A low risk is assumed if the upstream economic operator operates in countries whose due diligence response is classified by UNICEF in its Children's Rights in the Workplace Index as "Basic".<sup>16</sup>

If the country of operation shows low risks (due diligence response or risk classification "Basic" according to the UNICEF Index) and there is no obvious evidence or reasonable grounds to suspect Child Labor, no further examination is required. The risk analysis must be carried out annually and the result clearly justified and internally documented in writing.

In any case, if PolyPeptide offers products or services that have obviously been manufactured or provided using Child Labor, PolyPeptide is subject to the due diligence and reporting obligations (art. 10 et seq. DDTrO). Knowledge of the use of Child Labor must be derived from reliable, objective and independent sources.<sup>17</sup>

##### b) Risk qualification "Enhanced" or "Heightened"

If the risk qualification reveals medium or high risks (risk classification "Enhanced" or "Heightened" according to the UNICEF Index), PolyPeptide assesses whether there is a well-founded suspicion of Child Labor with regard to a specific product or service.<sup>18</sup>

A suspicion is justified if it is based on one or more concrete and substantiated indications or perceptions that give rise to fears of the use of Child Labor in the manufacture of the product or provision of the service. A photograph can serve as an example.

The UNICEF Children's Rights in the Workplace Index can provide an indication of the suspicion of unlawful Child Labor, but is not in itself sufficient to justify a reasonable suspicion. If PolyPeptide purchases a certain product from a country that is qualified as "Enhanced" or "Heightened", there is therefore not necessarily a reasonable suspicion of inadmissible Child Labor within the meaning of the CO and DDTrO with regard to the product in question.<sup>19</sup>

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<sup>15</sup> Accessible under: [www.unicef.ch/en/what-we-do/national/partners-and-initiatives/childrens-rights-and-business](http://www.unicef.ch/en/what-we-do/national/partners-and-initiatives/childrens-rights-and-business).

<sup>16</sup> Assumption derived from the FOJ Explanatory Report, p. 20: The Children's Rights in the Workplace Index can provide an indication for the suspicion of inadmissible child labor, but is not sufficient on its own to justify a reasonable suspicion. If the upstream economic operator (i) operates in countries whose due diligence response is classified as "Basic" and (ii) if there are no other concrete and documented indications or perceptions that give rise to fears of the use of illegal child labor in the manufacture of a product or provision of a service, a low risk in the area of Child Labor is assumed.

<sup>17</sup> For example legally binding public court decisions, ILO reports, or reports from companies subject to the due diligence requirements of this Regulation that explicitly identify the use of Child Labor for specific products or services.

<sup>18</sup> Art. 11 para. 1(a) DDTrO in conjunction with art. 964k para. 1 no. 2 CO.

<sup>19</sup> FOJ Explanatory Report, p. 20.



The reasonable suspicion of inadmissible Child Labor can arise, for example, from the application of the other instruments listed in Section 8.1 (e.g. on-site inspections, obtaining information, etc.).

#### 8.1.3.2 Screenings against other Indexes

In addition to the screening against the UNICEF Children's Rights in the Workplace Index, PolyPeptide may, as appropriate, conduct screenings of its vendors against other relevant indexes. The following list is non-exhaustive and provided as an example only:

- World Bank Governance Indicators<sup>20</sup>;
- UN Human Development Index (HDI)<sup>21</sup>;
- Transparency International Corruption Index<sup>22</sup>;
- US State Department Human Trafficking Report<sup>23</sup>;
- UN Universal Human Rights Index (UHRI)<sup>24</sup>.

#### 8.1.4 On-site checks in the upstream Supply Chain

PolyPeptide uses the services of a multinational assurance, inspection, product testing and certification company to identify and assess the risks of adverse impacts in its Supply Chain. The service includes remote or on-site ISO 26000 audits. In addition to any ISO 26000 on-site audits and PolyPeptide's regular quality audits that may give grounds for reasonable suspicion of inadmissible Child Labor, PolyPeptide may conduct additional inspections of its vendors' sites as appropriate, including through an industry-sponsored program or institutional body, to identify and assess any risks of adverse impacts in its Supply Chain.

#### 8.1.5 Ongoing screening against sanctions, including adverse media

PolyPeptide has implemented procedures for screening vendors on an ongoing basis against sanctions lists and, on an ad-hoc basis, on compliance data sets (including adverse media articles related to supply chain and human rights issues), using a third-party RiskCenter Interface. PolyPeptide follows-up on any confirmed matches with the third-party compliance data sets and ensures that necessary actions are taken. For further information about PolyPeptide's Restricted Party Screening process, reference is made to PolyPeptide's internal Global Sanctions and Export Control Compliance Policy and Procedure.

#### 8.1.6 Consulting experts, using recognized standards and certification systems

PolyPeptide may consult experts, use recognized standards and certification systems, as appropriate, to identify and assess any risks of adverse impacts in its Supply Chain. Experts consulted must have knowledge of the aspects listed in the UN Guiding Principles on Business and Human Rights (UNGPs)<sup>25</sup> and regulations set out Section 1 above and the standards and procedures contained therein.

#### 8.1.7 Consulting specialist literature and relevant stakeholders

PolyPeptide may consult specialist literature, as appropriate, to identify and assess any risks of adverse impacts in its Supply Chain.

PolyPeptide may further consult relevant stakeholders, e.g. workers and their representative organizations (trade unions), industry peers that have already adopted a Child Labor due diligence policy, members of sector-based multi-stakeholder initiatives who have experience of advising companies in a similar position and business associations; involving socially responsible investors, clients, civil society experts, consumers, campaign groups, academics and community groups.

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<sup>20</sup> Accessible under: [info.worldbank.org/governance/WGI/](https://info.worldbank.org/governance/WGI/).

<sup>21</sup> Accessible under: [hdr.undp.org/data-center/human-development-index#/indicies/HDI](https://hdr.undp.org/data-center/human-development-index#/indicies/HDI).

<sup>22</sup> Accessible under: [www.transparency.org/en/cpi/2023](https://www.transparency.org/en/cpi/2023).

<sup>23</sup> Accessible under: [www.state.gov/reports/2024-trafficking-in-persons-report/](https://www.state.gov/reports/2024-trafficking-in-persons-report/).

<sup>24</sup> Accessible under: [uhri.ohchr.org/en/](https://uhri.ohchr.org/en/).

<sup>25</sup> Accessible under: [www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf).

## **8.2 Risk Management Plan: Risk prevention, elimination or mitigation and tracking**

When offering products or services that PolyPeptide has reasonable grounds to suspect have been produced or provided using Child Labor, PolyPeptide is committed to perform its duties of due diligence with all due care and to fulfill them in the best possible way.

PolyPeptide will maintain a Risk Management Plan, which is designed to prevent, eliminate or mitigate the identified risks. The Risk Management Plan shall describe the risks identified, as well as the methods that PolyPeptide has used to identify, analyze and prioritize the risks of adverse impacts of its Supply Chain operations. The Risk Management Plan shall further identify the actual adverse impacts that have occurred, PolyPeptide's approach to risk mitigation, and key milestones related to the implementation of the measures taken, including remediation procedures.

PolyPeptide's commitment to respect its due diligence and transparency obligations in relation to Child Labor and its Risk Management Plan is derived from the ILO Conventions Nos 138 and 182, the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015, and the OECD Due Diligence Guidance for Responsible Business Conduct of 30 May 2018.

PolyPeptide will take the appropriate measures, to eliminate, prevent or minimize the risks of potential cases of Child Labor in its Supply Chain that are identified according to their likelihood of occurrence and the severity of the adverse impacts. Severity of impacts are evaluated by their scale, scope and irremediable character.<sup>26</sup> PolyPeptide regularly reviews the effectiveness of the measures taken for this purpose.

PolyPeptide will use, as appropriate, its leverage to prevent and address Child Labor in Business Relationships throughout its Supply Chain (for example, influence Business Relationships through contractual arrangements, pre-qualification requirements, and through collaborative efforts to pool leverage in industry associations or cross-sectoral initiatives, however, always considering any adverse consequences of such leveraging activities on human rights). In case PolyPeptide identifies an actual adverse impact that has occurred, it shall, where appropriate, remediate or contribute to remediating the harm. For this purpose, PolyPeptide's remediation procedures maintained separately provide guidance on potential steps to be taken.

### *Follow-up on specific indications of Child Labor / Controlling Measures*

PolyPeptide will follow up on specific indications of Child Labor, take appropriate measures to eliminate or mitigate negative effects, continuously monitor and regularly (at least once a year) evaluate the results of the measures and communicate these results. PolyPeptide shall thereby use the instruments described in Section 8.1.

If the efforts do not result in the desired improvement, business transactions can also be temporarily suspended. In extreme cases, the relationship with a vendor or service provider shall be terminated, especially if the vendor commits serious human rights violations.

## **8.3 Documentation (Supply Chain Traceability System)**

PolyPeptide establishes and maintains, as integral part of its Supply Chain management system, a Supply Chain Traceability System that consists of internal company documentation that lists, insofar as reasonably possible, the following information for each product or service in the upstream supply chain for which there are reasonable grounds to suspect Child Labor:

- a) description of the product or service and the trade name (if one exists);
- b) the names<sup>27</sup> and addresses<sup>28</sup> of the vendor and the production sites or the service provider for PolyPeptide.

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<sup>26</sup> Scale refers to the gravity of the adverse impact. Scope concerns the reach of the impact, for example the number of individuals that are or will be affected. Irremediable character means any limits on the ability to restore the individuals affected to a situation at least the same as, or equivalent to, their situation before the adverse impact.

<sup>27</sup> Company name (of legal entities and trading companies) or the name of natural persons or of associations or foundation.

<sup>28</sup> (Domicile) address and the country.

## **9 Communication and reporting**

Communicating information on due diligence processes, findings and plans is part of the due diligence process. It enables PolyPeptide to build trust in its actions and decision-making and demonstrates good faith. PolyPeptide shall account for and communicate how it identifies and addresses any actual or potential adverse impacts. Information shall be accessible to its intended audiences (e.g. stakeholders, investors, consumers, etc.) and be sufficient to demonstrate the adequacy of PolyPeptide's response to impacts. An overview of PolyPeptide's general communication and reporting is set out below; however, communication should be carried out with due regard for commercial confidentiality and other competitive or security concerns.

### **9.1 Communication to vendors and the public**

When offering products or services that PolyPeptide has reasonable grounds to suspect have been produced or provided using Child Labor, PolyPeptide must (insofar as this is possible with reasonable effort) include this Policy in contracts and agreements with its vendors and provide them and the public with up-to-date information on this Policy on its website.

PolyPeptide thereby ensures that its vendors and the public are aware of its policy commitment and PolyPeptide appropriately supports, incentivizes or requires its vendors to align with its contents.

### **9.2 Reporting to the Audit and Risk Committee and Board of Directors**

The Director Global Procurement (or his / her delegate) will periodically report to PolyPeptide's Audit and Risk Committee and its Board of Directors about any investigations, audits or reports related to this Policy.

### **9.3 Annual reporting by the Board of Directors**

PolyPeptide's Board of Directors is responsible for the preparation of a consolidated annual report on PolyPeptide's compliance with the due diligence obligations in its Supply Chain in relation to Child Labor as well as for ensuring its online publication within six months of the end of the financial year and public accessibility for at least ten years. PolyPeptide will publish such a consolidated report together with its annual report.

### **9.4 Reporting procedure for concerns about Child Labor in PolyPeptide's Supply Chain**

PolyPeptide established and is maintaining, as an early warning mechanism for risk identification, a reporting procedure that allows all interested parties to raise reasonable concerns about the existence of a potential or actual adverse impact related to Child Labor.

Anybody with knowledge or suspicion of illegal activities or irregularities at PolyPeptide, including any concerns about Child Labor in PolyPeptide's Supply Chain, can report observations confidentially and even anonymously, if desired, through PolyPeptide's whistleblower programs. Further information about PolyPeptide's whistleblower policies and hotlines can be found on: [www.polypeptide.com/investors/corporate-governance/#corporate-documents](http://www.polypeptide.com/investors/corporate-governance/#corporate-documents). Anyone who, in good faith, raises a concern about a possible ethics or compliance violation will be supported by PolyPeptide management and will not be subject to any form of retaliation.

In addition, PolyPeptide will provide information on reports received within the company. All reports will be internally documented in writing.

Representatives have an affirmative obligation to report any apparent or suspected violations or circumventions of this Policy to the Supply Chain Management Team via email to: [SupplyChain.compliance@polypeptide.com](mailto:SupplyChain.compliance@polypeptide.com)

Reports about apparent or suspected violations or circumventions of this Policy may also be communicated to PolyPeptide through other channels, e.g. through the whistleblower programs or directly to a supervisor.

## 10 Compliance, trainings and questions

This Policy shall be made available to all Representatives via the intranet.

Periodic compliance trainings will be provided to Representatives to ensure that they are familiar with applicable laws and regulations on Child Labor, this Policy and PolyPeptide's internal procedures.

Any questions regarding this Policy should be sent to: [SupplyChain.compliance@polypeptide.com](mailto:SupplyChain.compliance@polypeptide.com)

## 11 Updates to this Policy

The Director Global Procurement, with the support of the GRC Officer, will review and update (as needed) this Policy on an annual basis.

The Director Global Procurement, with the support of PolyPeptide's Compliance Team, will periodically report to PolyPeptide's Audit and Risk Committee and its Board of Directors about this Policy and any updates thereto.

## 12 References / related policies

- [PolyPeptide Code of business conduct and ethics](#)
- [PolyPeptide Supplier Code of Conduct](#)
- [PolyPeptide Global Whistleblower Policy](#)
- [PolyPeptide Sweden Whistleblower Policy](#)
- PolyPeptide Global Sanctions and Export Control Compliance Policy and Procedure
- PolyPeptide Risk Management Policy
- PolyPeptide Risk Assessment and Reporting Procedure

## 13 Entry into force

The first version of this Policy became effective as of 1 January 2023. It has been prepared under the guidance of the Executive Committee and approved by the Board of Directors on 5 September 2023.

This latest version of the Policy is effective as of 1 September 2024 and was approved by Board of Directors on 26 November 2024.

On behalf of the Board of Directors:



Peter Wilden

Chair of the Board of Director

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