

Code of Conduct for Contractors of the LMU Hospital

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1. Preamble

1.1 ***The LMU Hospital is committed to respecting human rights and environmental protection standards*** both within its own business operations and within its supply chains. It has therefore ¹adopted a Statement of Principles on Supply Chain Due Diligence (HREDD Statement of Principles). The LMU Hospital strives to ensure that the products it uses in its operations are manufactured and the services it commissions and offers are provided in a way that respects human rights and the environment. Therefore, it sets the following requirements for its contractors.

1.2 ***The scope of this Code*** corresponds to the scope of application as defined in Section 1 of the *General Terms and Conditions for Deliveries and Services of the LMU Clinic (in the currently valid version)*.²

1.3 ***The core of the following requirements*** is the contractor's obligation to comply with the human rights and environmental expectations of the LMU Hospital and to address these appropriately along its own supply, activity and value chain.

1 Available in the download area of the LMU Hospital website at: <https://www.lmu-klinikum.de/das-klinikum/zentrale-bereiche/menschenrechte-human-rights-lksg/8d83e98adc220961>

2 Available in the download area of the LMU Hospital website at: <https://www.lmu-klinikum.de/das-klinikum/zentrale-bereiche/beschaffung-und-wirtschaft/8fcfe34efa728920>

2. Definitions

Client: the hospital of the Ludwig Maximilian University of Munich (short: LMU Klinikum).

Contractors: Business partners and suppliers with whom the client concludes contracts for the purchase and delivery of movable goods, as well as work contracts and service agreements .

HREDD commitments: the commitments related to human rights and environmental due diligence pursuant to Articles 4 and 5.

SME: a micro, small or medium-sized enterprise, regardless of its legal form, which is not part of a large group of undertakings, as defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU.

Human Rights and Environmental Due Diligence (HREDD): an ongoing, risk-based process, appropriate to the size and circumstances of the parties conducting it, to identify, prevent, mitigate, refrain from, minimize, pursue, and remediate adverse impacts in accordance with the EU Corporate Sustainability Due Diligence Directive (CSDDD). The OECD Guidelines and the UN Guiding Principles on Business and Human Rights (UNGPs) form the basis for the HREDD commitments in this Code.

Adverse Impact: means a potential (also referred to as a “risk”) or actual adverse impact on the environment and/or human rights that the contractor has caused, either individually and/or jointly with others, or with which it is directly linked through its products, services, and business relationships. An entity is considered to be a cause of an adverse impact if its actions or omissions alone eliminate or limit a person’s ability to enjoy their human rights or have an adverse impact on the environment. An entity is considered to be a contributor to an adverse impact if its actions or omissions significantly contribute to, or increase the likelihood of, an adverse impact caused by another entity, such as a business partner, which excludes trivial or minor contributions. An entity is considered to be linked to an adverse impact if it did not cause or contribute to the adverse impact, but the adverse impact is linked to its activities, products, or services.

Adverse impact on human rights: an actual or potential adverse impact on protected persons resulting from the violation of any of the prohibitions listed in Article 3.3 paragraphs 1-18.

Adverse environmental impact: an actual or potential adverse effect on the environment resulting from the violation of any of the prohibitions listed in Article 3.3, paragraphs 12-19.

OECD Guidelines: the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct (as amended).

OLGM (Operational Level Grievance Mechanism): the operational level complaint mechanism described in Article 4.4.

Serious adverse impact: an actual adverse impact that is serious because of its magnitude or severity, its scale (number of persons or environmental interests affected) or its irreversibility.

Stakeholders: means the individuals or groups potentially or actually affected by an adverse impact, such as workers and/or local communities and/or their representatives (e.g. civil society organisations, non-governmental organisations and trade unions).

Representatives: means the officers, directors, employees, agents and all subcontractors, consultants and all other persons who provide personnel to the Client and Contractor for movable property and/or services which are the subject of the business relationship between the parties.

Subcontractors : Business partners and suppliers with whom the contractor concludes contracts for the purchase and delivery of movable goods, as well as work contracts and service agreements . This includes so-called subcontractors to whom orders or parts of orders are outsourced by the contractor.

3. Protected human rights and environmental protection standards

3.1 ***The Contractor undertakes to comply with applicable national laws and regulations***, as well as to respect human rights and environmental protection rights as set out (in the currently valid version) in:

- the United Nations Universal Declaration of Human Rights
- the UN Guiding Principles on Business and Human Rights (UNGPs)
- the OECD Guidelines for Multinational Enterprises
- the OECD Due Diligence Guidance for Responsible Business Conduct
- the ILO core labor standards
- the Charter of Fundamental Rights of the European Union (EU Charter of Fundamental Rights)
- the European Convention for the Protection of Human Rights and Fundamental Freedoms (EU Human Rights Convention)
- the Supply Chain Due Diligence Act (LkSG)
- other applicable laws and regulations regarding human rights and environmental due diligence in the supply, activity or value chain

3.2 ***In the event of any conflict between national laws and regulations of the relevant countries, statutory provisions shall prevail over subordinate provisions.*** In the event of conflicting laws on the same level, compliance with one provision and the resulting violation of another shall not constitute a breach of contract.

3.3 ***The Contractor undertakes to comply with the following human rights and environmental requirements*** and to actively minimize the risk of violating any of the following prohibitions through actions and omissions along its supply, activity or value chain:

(1) ***Prohibition of employment of a child*** below the age at which compulsory schooling ends under the law of the place of employment, provided that the employment age may not be lower than 15 years. Furthermore, children under 18 years of age may not be employed for the following activities:

- ❖ all forms of slavery or all practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude, and forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflict;
- ❖ the recruitment, procurement or offering of a child for prostitution, the production of pornography or pornographic performances;
- ❖ the recruitment, procurement or offering of a child for illicit activities, in particular for the production and trafficking of drugs; and
- ❖ Work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children.

(2) ***Prohibition of the employment of persons in forced or compulsory labour.*** This includes any work or service exacted from a person under the menace of *any penalty* and for which he or she has not volunteered, for example as a result of debt bondage or trafficking in human beings.

(3) ***Prohibition of all forms of slavery***, slave-like practices, servitude or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and degradation.

(4) ***Prohibition of disregard of the occupational health and safety*** obligations applicable under the law of the place of employment if this results in the risk of accidents at work or work-related health hazards, in particular through:

- ❖ obviously inadequate safety standards in the provision and maintenance of the workplace, the workstation and the work equipment,

- ❖ the lack of appropriate protective measures to avoid effects from chemical, physical or biological substances,
 - ❖ the absence of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organisation with regard to working hours and rest breaks, or
 - ❖ the inadequate training and instruction of employees.
- (5) ***Prohibition of disregard for freedom of association***, according to which
- ❖ workers are free to join or organize trade unions,
 - ❖ the formation, joining or membership of a trade union may not be used as a ground for unjustified discrimination or retaliation,
 - ❖ Trade unions have the right to operate freely and in accordance with the law of the place of employment, including the right to strike and the right to collective bargaining.
- (6) ***Prohibition of unequal treatment in employment***, for example on the grounds of national or ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes in particular the payment of unequal pay for work of equal value.
- (7) ***Prohibition of withholding a fair wage***. The fair wage shall be at least the minimum wage established by applicable law and shall otherwise be determined in accordance with the law of the place of employment.
- (8) ***Prohibition of causing harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption*** which
- ❖ significantly impairs the natural basis for the preservation and production of food,
 - ❖ denies a person access to safe drinking water,
 - ❖ makes it difficult or destroys a person's access to sanitary facilities or
 - ❖ harms a person's health.
- (9) ***Prohibition of unlawful eviction*** and unlawful deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which ensures the livelihood of a person.
- (10) ***Prohibition of the use of private or public security forces*** to protect the entrepreneurial project if, due to a lack of training or control by the company in the use of the security forces
- ❖ the prohibition of torture and cruel, inhuman or degrading treatment is disregarded,
 - ❖ life or limb is injured or
 - ❖ freedom of association and freedom of coalition are impaired.
- (11) ***Prohibition of an act or omission*** which is directly capable of ***seriously impairing a protected legal position*** and whose illegality is obvious upon a reasonable assessment of all relevant circumstances.
- (12) ***Prohibition of the manufacture of mercury-added products*** in accordance with Article 4(1) and Part I of Annex A to the Minamata Convention .
- (13) ***Prohibition of the use of mercury and mercury compounds in manufacturing processes*** as defined in Article 5(2) and Part I of Annex B to the Minamata Convention from the phase-out date specified in the Convention for the relevant products and processes.
- (14) ***Prohibition of the treatment of mercury waste contrary*** to the provisions of Article 11(3) of the Minamata Convention.
- (15) ***Prohibition of the production and use of*** chemicals referred to in Article 3(1)(a) and Annex A of the Stockholm Convention on ***Persistent Organic Pollutants*** .

- (16) ***Prohibition of the non-environmentally sound handling, collection, storage and disposal of waste*** in accordance with the rules applicable in the applicable legal system in accordance with Article 6(1)(d)(i) and (ii) of the ***POPs Convention***.
- (17) ***Prohibition of exports of hazardous wastes*** as defined in Article 1(1) ***and other wastes*** as defined in Article 1(2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.
- (18) ***Prohibition of exports of hazardous waste*** from States listed in Annex VII to the Basel Convention to States not listed in Annex VII to that Convention.
- (19) ***Prohibition of imports of hazardous wastes and other wastes*** from a non-Party to the Basel Convention.

4. Obligations under human rights and environmental due diligence obligations

4.1 ***If potentially adverse effects are identified for the Contractor, the Contractor undertakes to participate in the prevention program established by the Client*** in order to avoid or minimize these potentially adverse effects within a reasonable period of time.

4.2 ***Obligation to provide information:***

- (1) The Contractor shall notify the Client as soon as reasonably possible if it becomes aware of a serious adverse effect in connection with the deliveries and/or services covered by the contract.
- (2) The Contractor is obligated to notify the Client immediately in writing if it has been fined for a legally established violation pursuant to Section 24 of the LkSG. The Contractor is also obligated to notify the Client before the conclusion of the contract if such a fine has been imposed on the Contractor within three years prior to the intended date of conclusion of the contract. Fines imposed on the Contractor under other applicable HREDD regulations must also be notified to the Client immediately in writing.
- (3) If the Client wishes to carry out HREDD measures such as questionnaires, audits, certifications and scorecards, the Contractor may, to the extent permitted by applicable law, provide the Client with a current equivalent document, and the Client shall accept such document or part of it to the extent that it meets the Client's minimum standards, unless the Client reasonably believes that such document wholly fails to meet the Client's minimum standards.
- (4) The Client may request additional HREDD-related information from the Contractor, provided that such requests are sufficiently defined and limited in scope, and are necessary for the Client to effectively fulfil its own HREDD obligations under its HREDD Policy Statement and/or applicable law.
- (5) The Contractor has the right to refuse requests for HREDD-related information if such requests would compel the disclosure of trade secrets or other protected intellectual property. In such cases, the Contractor must provide alternative sources of certainty, such as credible third-party certification regarding matters such as the origin of the contractually agreed movable property and/or services, as well as the inputs necessary for their production/provision.
- (6) The Contracting Authority shall use the information received under this Section solely to fulfill its human rights and environmental due diligence obligations under its HREDD Policy Statement and to comply with the requirements of applicable law. It shall treat such information as confidential unless otherwise required by applicable law.

4.3 ***HREDD responsibilities throughout the supply, activity, or value chain:*** In fulfilling its HREDD obligations, the Contractor shall use its best endeavors to ensure that all of its subcontractors, as well as all their subcontractors involved in the contractual supplies and/or services, comply with and support the HREDD obligations set out in Articles 4 and 5. To the extent appropriate given the duration and scope of the business relationship and the associated HREDD risks, the relationship between the Contractor and a subcontractor shall be documented in a written contract or code of conduct containing HREDD obligations appropriate to the size and circumstances of both

parties. The Contractor shall maintain records of such written contracts or codes of conduct and of any failed attempts to agree on such contracts and shall make them available to the Client upon request in accordance with Article 4.2 (Duty to Provide Information).

4.4 *Company-level grievance mechanism (OLGM)*

(1) The contracting authority shall maintain an accessible, legitimate, and adequately funded and managed non-judicial OLGM to receive and address stakeholder concerns and complaints regarding violations of human rights and/or environmental protection requirements. Details of access are ³available on the contracting authority's website. The contractor may establish its own OLGM. The contracting authority and the contractor shall actively inform stakeholders about the existence of the OLGMs.

(2) The contracting authority and the contractor [if the latter has also established its own OLGM] must [each] have and maintain OLGM procedures to ensure that the OLGM[s] meet the effectiveness criteria of the UN Guiding Principles on Business and Human Rights (UNGPs) Nos. 29 and 31 and prevent retaliation against stakeholders who use the OLGM[s]. Stakeholders must have the opportunity to report their concerns and complaints at the local level safely and confidentially (and anonymously, where required by applicable law).

(3) Those affected who raise concerns and complaints through the OLGM[s] shall have the right to receive appropriate feedback on the outcome of the complaint investigation and the measures taken.

4.5 *If the Contractor is an SME*, the Contracting Authority is required to assist the Contractor in fulfilling the obligations listed in Articles 4 and 5. The HREDD obligations must be proportionate to the size and circumstances of the respective party.

5. Elimination of actual adverse impacts and remedial measures

5.1 *If the Contractor is* found to have an adverse effect in connection with the deliveries and/or services covered by the contract, the parties undertake to implement remedial measures, including a remedial action plan.

5.2 *Remedial Action Plan:* If the Contractor caused or contributed to the actual adverse impact, the Contractor must, in consultation with the adversely affected stakeholders, develop, share with the stakeholders, and implement a remedial action plan to remedy the actual adverse impact within a reasonable timeframe. In situations where the Contractor did not cause or contribute to the actual adverse impact, the Contractor must cooperate in implementing a remedial action plan developed by the Client.

5.3 *The remedial action plan should:*

- ❖ ensure that the affected stakeholders are placed, as far as possible, in the position they would have been in had the actual adverse effect not occurred;
- ❖ allow for remedies that are proportionate to the actual adverse impact, which may take the form of apologies, reparations, rehabilitation and financial or non-financial compensation;
- ❖ ensure that the actual adverse effect concerned does not recur and that further adverse effects are prevented.

³Available at: <https://www.lmu-klinikum.de/das-klinikum/zentrale-bereiche/menschenrechte-human-rights-iksg/8d83e98adc220961>

6. Remedies

6.1 Notice of default , cure period and breach of code

(1) ***Right to Remediation and Code Violation***: Failure by the Contractor to fulfill an HREDD obligation constitutes a non-performance ("HREDD Deficiency"), which must be remedied through an improved preventive action plan in the case of a potential adverse impact, or through an improved remedial action plan in the case of an actual adverse impact. Failure by the Contractor to remediate the HREDD Deficiency within three months of receipt of written notification from the Client indicating the deficiency—or within a period separately agreed upon by the parties in each individual case—will constitute a violation of this Code.

(2) ***Cooperation in Remediation***: The parties shall cooperate in good faith to remedy the HREDD deficiency.

(3) ***HREDD deficiency related to an actual adverse impact***: For the avoidance of doubt, where an HREDD deficiency results in or is otherwise associated with an actual adverse impact, addressing such an HREDD deficiency requires, at a minimum, the development and implementation of a remedial action plan as described in Article 5 on addressing actual adverse impacts.

6.2 ***Interim Measures in the Case of an HREDD Deficiency***: Interim measures are measures that can be exercised by the Client during the remediation phase for an HREDD Deficiency. The exercise of interim measures by the Client shall not be construed as a waiver of its rights. Interim measures include, but are not limited to:

(1) Requiring reasonable assurances from the Contractor regarding the remediation or proper performance of this Code. These assurances must be fair, reasonable, and non-discriminatory, and appropriate to the size and circumstances of the parties.

(2) Require the contractor to take active measures, such as the immediate cessation of activities that could exacerbate existing adverse impacts or cause new adverse impacts. Such measures may include, for example:

- ❖ the termination or dismissal of employees by the Contractor, where permitted by applicable law, and/or of other representatives in accordance with applicable laws,
- ❖ informing its subcontractors of any adverse effect which the parties may reasonably believe to have been caused or contributed to by those subcontractors and requiring them to take remedial action,
- ❖ if it becomes apparent that no remedial action is taken or that continuing the business relationship will exacerbate the adverse effects or cause further adverse effects, to terminate the contract or the relationship with the subcontractor(s).

(3) A temporary suspension of the business relationship.

6.3 Termination of the business relationship

(1) ***Termination***: The Contractor accepts the termination of the business relationship after the Client has notified the Contractor within a reasonable period of time of its intention to terminate the business relationship due to a material breach of the Code or an unresolved HREDD deficiency in accordance with Article 6.1 (Notice of Default , Remediation Period, and Code Violation). This shall apply in particular if:

- ❖ an actual adverse effect is assessed as very serious,
- ❖ the implementation of the measures developed in the remedial action plan does not bring about a remedy after the expiry of the deadline set therein, or
- ❖ the client has no other, more lenient means at his disposal and an increase in the possibilities of influence does not appear promising.

(2) ***No impairment of other rights or obligations***: The termination of the business relationship shall not affect all rights and obligations that have arisen before the date of termination, including, but not limited to, payments due for acceptable or conforming goods that were partially or wholly manufactured by the Contractor before termination.

7. Control

7.1 **Periodic Inspection:** The Client or its representatives have the right, after reasonable written notice to the Contractor, to conduct an appropriate risk-based inspection or audit of the Contractor's premises during normal operating and business hours, or to have such inspection or audit conducted by a third party appointed by the Client, to verify that the Contractor is complying with its HREDD obligations. The Contractor has the right to refuse such an inspection if it can provide the Client with equivalent information in accordance with Article 4.2 (Information Obligation) or if it can demonstrate that it already participates in an effective mechanism for fulfilling its HREDD obligations.

7.2 **Inspection without prior notice:** The Client may carry out an on-site inspection without prior notice if there is credible and reliable information that there is a significant risk of serious adverse effects on the Client's premises.

7.3 **Contractor Cooperation:** The Contractor must cooperate with such an inspection in accordance with applicable laws and, where appropriate, provide the Client with access to its facilities, personnel, and documents to enable the Client to fulfill its human rights and environmental due diligence obligations. The Contractor must not take any retaliatory measures against stakeholders.

7.4 **Costs of Control:** If the Client exercises its control rights under this Code Agreement and the Contractor is an SME, the Client shall bear the costs of the control activities. If the Contractor is not an SME, the costs shall be shared jointly, to the extent agreed upon by the parties.

8. Prohibition of retaliation

The Parties shall not take any adverse action against any person because that person has spoken with representatives of the Parties, provided information, or otherwise cooperated with the Parties.

Commitment to the Code of Conduct

I hereby confirm compliance with this Code of Conduct.

place, date

Contractor's signature (with real name)