

Code of Conduct for **Suppliers**

July 2023

Code of Conduct for Suppliers

1. Preamble

This Supplier Code of Conduct (referred to as the “Code of Conduct”) serves as a binding framework to guide and support external parties in aligning with Adaptive Recognition’s values and core business principles. Collaborating with external parties is essential for our operations, whether for internal use or as part of client deliverables.

Furthermore, the Code of Conduct ensures that Adaptive Recognition maintains a high standard in its relationship with suppliers, consistent with our company’s commitment to the UN Global Compact and its Ten Principles. Sustainable procurement is a priority for Adaptive Recognition, and we carefully evaluate the impact of all purchases, incorporating relevant factors into our selection criteria.

It is important to note that certain provisions in the Code of Conduct are directly linked to legal requirements, while others reflect conduct in line with Adaptive Recognition’s values. We urge you to familiarize yourself with the provisions of this Code of Conduct and integrate them into your business activities as an external party engaged with Adaptive Recognition.

The Code of Conduct encompasses various principles related to legal compliance, industry regulations, and best practices. At Adaptive Recognition, meeting these compliance requirements represents the minimum standard we expect, and we are committed to collaborating with our suppliers to ensure ongoing compliance and continuous improvement throughout our partnership.

If there are any concerns about the compliance of Supplier actions with this Code of Conduct, the matter should be discussed with Adaptive Recognition as your business partner.

2. Governance

2.1 Scope

This Supplier Code of Conduct applies to all suppliers of Adaptive Recognition, including subcontractors, contingent workers, and consultants, collectively referred to as “Suppliers.”

The Code of Conduct becomes applicable upon the signing of a procurement contract and remains in effect for the entire duration of the contract or as specified within the contractual agreements.

2.2 Acknowledgment of Compliance

By default, this Code of Conduct is incorporated into Adaptive Recognition’s procurement materials and commercial contracts with Suppliers, either through attachments or hyperlinks. Consequently, Adaptive Recognition expects Suppliers to adhere to the terms outlined herein. Suppliers must ensure that these terms are extended to subcontractors who provide products or services indirectly to Adaptive Recognition (as permitted under the Supplier’s contract with Adaptive Recognition) and assume responsibility for their compliance.

2.3 Enforcement and Non-Compliance

Suppliers are requested to strictly comply with the provisions outlined in this Supplier Code of Conduct to safeguard themselves and Adaptive Recognition as a business partner against legal risks and regulatory sanctions.

2.4 Reporting Misconduct

Suppliers must establish appropriate grievance and whistleblowing mechanisms to enable employees to report instances of actual or suspected misconduct without fear of retaliation. Suppliers should:

- Clearly communicate these mechanisms to their employees.
- Allow employees, either individually or in collaboration with other workers, to submit grievances without facing any penalties or reprisals.
- Document, investigate, and address employee grievances that are raised.

3. Commitment to Adaptive Recognition

3.1 Corruption and Bribery

- We expect Suppliers and their personnel to uphold Adaptive Recognition's commitment to responsible business practices. As such, Suppliers must refrain from engaging in any form of corrupt practices, including extortion, fraud, bribery (such as gifts, entertainment, sponsorship, or donations), facilitation payments, or money laundering, whether directly or indirectly.
- Suppliers of Adaptive Recognition are required to avoid any conflicts of interest or situations that may create the appearance of a potential conflict of interest, particularly in their dealings with Adaptive Recognition. In the event of an actual or potential conflict of interest, Suppliers must promptly notify all relevant parties.
- Suppliers of Adaptive Recognition are expected to comply with applicable laws and regulations that govern competition, particularly antitrust and competition laws.
- Purchasing decisions at Adaptive Recognition are made based on informed judgments, following an open, honest, and transparent process. Consequently, Adaptive Recognition does not accept gifts or hospitality from current or potential Suppliers or their representatives, unless such gifts are infrequent, of minimal value, and cannot reasonably be perceived as an attempt to compromise the integrity or objectivity of the recipient.

3.2 Environment and Climate

- Adaptive Recognition highly encourages Suppliers to conduct their operations with a strong commitment to environmental care and continuously seek ways to reduce or minimize any negative impacts on the environment.
- Suppliers of Adaptive Recognition are expected to incorporate environmental considerations into their procurement practices and educate their employees on how they can contribute to this aspect.
- Suppliers of Adaptive Recognition must comply with all relevant local and national environmental regulations and maintain the necessary licenses, registrations, or permits as required by law.

3.3 Human Rights and Labor Rights

- Adaptive Recognition expects its suppliers to adhere to the principles outlined in the Universal Declaration of Human Rights and the core conventions of the International Labor Organization (ILO).
- Adaptive Recognition encourages suppliers to promote an inclusive and diverse workplace by providing equal opportunities to all current employees and qualified applicants. We also encourage suppliers to implement programs and initiatives that advance diversity, equity, and inclusion within their organizations.
- Suppliers and their personnel are expected to treat employees fairly, fostering a diverse workplace that is free from discrimination in various aspects, including hiring, compensation, access to training, promotion, termination, retirement, working conditions, job assignments, benefits, and disciplinary actions. This includes considering personal characteristics such as ethnic background, race, religion, age, gender, disability, sexual orientation, outlook, or social status.
- Suppliers shall respect the rights of employees and other workers to join or abstain from joining any lawful workers' association or collective bargaining association of their choice, or seek alternative forms of independent and free workers' representation where restrictions apply. Suppliers must not discriminate against worker representatives and employees based on their affiliation or non-affiliation with such associations.
- Suppliers are expected to implement relevant safeguards, technical measures, and organizational controls to ensure the confidentiality and security of personal data belonging to Adaptive Recognition's employees. This includes preventing distortion, damage, or unauthorized disclosure to third parties.
- Adaptive Recognition strictly prohibits the use of forced labor or any form of compulsory labor, including child labor, by its suppliers. Employees must have the freedom of movement throughout their employment and be allowed to terminate their employment with reasonable notice. Suppliers are prohibited from retaining original identification documents, imposing deposits or financial guarantees, or withholding wages outside the bounds of a legal contractual agreement.

3.4 Commercial Conduct

Suppliers engaged with Adaptive Recognition are expected to adhere to the following guidelines:

- Maintain a high level of transparency and provide comprehensive information regarding commercial matters, including realistic budgets, timelines, capabilities, and potential risks.
- Fulfill the contracted tasks and deliver services and goods with integrity, ensuring compliance with the agreed terms and conditions.

4. Protection of Information

4.1 Confidentiality

As part of the contractual engagement with Adaptive Recognition, Suppliers and their individual employees have a responsibility to maintain confidentiality regarding any information they access while providing services for Adaptive Recognition.

4.2 Trade Secrets

Certain confidential information related to Adaptive Recognition may also be classified as trade secrets. This includes, but is not limited to, materials pertaining to Adaptive Recognition's business operations, proprietary methods, products, programming, legal contracts, research, and other legally protected materials.

Suppliers must not unlawfully acquire, use, or disclose trade secrets obtained from Adaptive Recognition to any third parties, both during and after their engagement with Adaptive Recognition.

4.3 Personal Data

Adaptive Recognition and its clients are bound by applicable laws regarding the protection of personal data. Suppliers are expected to exercise special attention and care when accessing data that pertains to individuals. If relevant, a Data Processing Agreement will be established with the Supplier.

ADAPTIVE RECOGNITION

About Adaptive Recognition

Adaptive Recognition is a group of creative minds, developing and manufacturing AI-based image-processing technology, for the traffic, security, and identity industries.

The Adaptive Recognition Group has several major sites in Central Europe, with offices in Denmark, the USA, and Asia.

For more information, see www.adaptiverecognition.com