

The Code of Conduct

MD ELEKTRONIK (including the companies of the **MD Group**) develops and manufactures high-quality data communication solutions for the international automotive industry.

We set high standards for ourselves in terms of our social and ethical conduct and have laid down our visions and values in a separate mission statement:

- We are a medium-sized company. We are proud of our regional roots and are committed to our global presence in the automotive industry.
- We strive for a leading market position and we are aware of the responsibility connected to this target. We therefore believe in transparency, integrity, ethics and fairness.
- We supply our products to many well-known automobile manufacturers and set new standards for expertise, innovation and quality.
- Our customers are the central focus of all our activities and we measure our success by their satisfaction.
- The health, safety and satisfaction of our employees are very important to us. They are a key factor for our success.
- We stand for responsibility and long-term strategies. Therefore, we are committed to creating a stable and long-lasting foundation for our company.

To safeguard the ethical standards laid down in this document, it is necessary for all companies in our value chain to act in an ethically and morally sound manner. Therefore we also see it as our suppliers' duty to assume responsibility for the objectives defined herein.

The principles established in this Code of Conduct naturally also apply to us and our employees.

Waldkraiburg, September 2014
For all companies of the **MD Group**:



i.A. **Christoph Engel**
Compliance Officer



i.V. **Christian Nebelung**
Head of Procurement

1 Company and society

We expect our suppliers to assume social responsibility locally and respect human rights internationally.

1.1 Corporate social responsibility

Our suppliers commit to assuming social responsibility as a company, both for their employees and their local communities. In particular, this includes the creation of attractive jobs and workplaces.

1.2 Human rights and social principles

Our suppliers respect and promote the internationally recognised human rights and fundamental social rights. We expect a clear commitment to these principles and continuous efforts to ensure compliance with them.

1.3 Marketing and communications

Our suppliers respect the principles of freedom of opinion, freedom of information and free media. For their marketing activities and their public image they exclusively use legal and fair means and methods. When disclosing information, they are always committed to the truth. Each employee ensures by his or her behaviour that the reputation of his/her and our company will be protected and promoted.

1.4 Volunteering

We welcome and support any volunteer engagement by our own employees and also request our suppliers to advocate this attitude.

2 Ethics and responsibility

Ethics must be practiced. We would like to motivate all suppliers to behave in an ethical manner and will also impose an obligation on them to act in accordance to these ethical principles.

2.1 Individual responsibility

A company's reputation and ethics are essentially driven by its employees' impeccable behaviour and actions. We expect our own employees as well as our suppliers' staff to follow this principle in all their business actions.

2.2 Executives' responsibility

A healthy leadership culture is of crucial importance to corporate ethics. We therefore expect our suppliers' executive staff to be aware of their responsibility as role models.

2.3 Reporting ethical concerns

All employees should be given the opportunity to approach the management board or a competent officer at any time if they have any ethical concerns or suspicions of any unlawful practices. Such reports should always be treated as confidential.

3 Legislation and standards

Compliance with applicable laws is a matter of course; in addition, we ourselves seek to act as a fair, reliable and in every respect, exemplary business partner and we expect our suppliers to act in the same fashion.

3.1 Compliance with legislation and recognised standards

Our suppliers comply with all laws locally applicable. In addition, they comply with any internationally recognised standards if such standards are more comprehensive than the local legal situation requires. In particular, this includes the principles of the UN Global Compact.

3.2 Sound corporate governance

Our suppliers commit to sound and proper corporate governance and to the standards of the German Corporate Governance Code (DCGK) to the extent that these standards are applicable to their own companies. The Managing Directors and Executives should be familiar with these principles and follow them in all relevant decisions.

3.3 Avoiding conflicts of interest

We expect our suppliers to avoid all situations where conflicts may arise between their business or personal interests and the interests of our company. In our interactions with our own employees, we place particular emphasis on displaying the highest possible degree of integrity and avoiding conflicts of interest; even the appearance of any dishonest intentions must be avoided at all cost by our suppliers. Employees of our suppliers who maintain regular contact with MD staff should familiarise themselves on their own initiative with our internal regulations regarding interactions with business partners.

3.4 Combating corruption and criminal acts

We commit to transparency and integrity in our business dealings and oppose corrupt methods. We also commit to complying with national and international anti-corruption and anti-bribery legislation and standards. Our employees will not misuse business relationships to influence any proper decisions or achieve any benefits for themselves or a third party. In particular, they will not promise nor demand nor accept any bribe money or unlawful benefits. We also expect our suppliers to act in a consistent and transparent manner in this context.

3.5 Antitrust law

We comply with all applicable national, European and international anti-trust laws. In no event do we participate in any agreements on prices or terms with competitors and we also do not participate in any market sharing or customer sharing practices prohibited by antitrust law. We also expect our suppliers to act in a consistent and transparent manner in this context.

3.6 Integrity of financial reporting

The annual balance sheet and other financial reports are prepared based on the principles of transparency and integrity and audited at regular intervals.

3.7 Fair competition

Fairness between competitors and healthy entrepreneurial competition are among the most important drivers of our economic activity; we therefore comply with all applicable national, European and international laws against unfair competition. Business partners will never be chosen for orders or excluded from orders without an appropriate and comprehensible reason. We also expect our suppliers to respect and promote free and fair competition.

3.8 Compliance with trade restrictions and avoidance of dual-use goods

We comply with all applicable import and export restrictions as well as trade bans and embargoes and explicitly expect the same from our suppliers. Furthermore, we do not supply to any buyers who may use our products for military purposes (dual use) and also recommend our suppliers to adopt such an attitude.

3.9 Ban on conflict minerals

Our suppliers are aware of the global significance of the issue of conflict minerals and regularly examine their supply chain subject to the regulations of Article 1502 of the Dodd-Frank Act for ores from conflict regions. Suppliers who refuse to cooperate in this matter will be blocked by us without exception.

4 Quality and safety

The innovative power and product quality of MD secure our company's position in the global market. To ensure these capabilities, we also set high standards for our suppliers.

4.1 Quality

Our suppliers' products always meet the quality standards determined by contract. A separate quality management operation should be in charge of monitoring and guaranteeing these standards. If appropriate, suppliers will obtain certification under the standards recognised in the automotive industry (particularly including ISO 9001 and ISO/TS 16949).

4.2 Product safety

Our suppliers' products comply with the safety standards which have been contractually stipulated and/or are required by law. A product safety officer should be in charge of monitoring and ensuring these standards.

4.3 Data protection, security and confidentiality

We attach the greatest importance to the secure and confidential handling of know-how and data. When handling data, our suppliers apply both the highest degree of diligence and, if possible, the 'need-to-know' principle at all times. Data protection and data security should be top priorities.

4.4 Environmental and climate protection

We develop and manufacture our products also with respect to environmental and climate protection; this particularly includes the long life and recyclable design of our products, resource conservation and low energy consumption. Our suppliers also comply with national regulations regarding environmental and climate protection and, if possible, aim to obtain certification under ISO 14001.



5 Integration

Satisfied, motivated and qualified employees are the heart and soul of any business. For this reason our suppliers seek to offer attractive and motivating working conditions to their employees.

5.1 General interactions with employees and co-workers

Healthy and satisfied employees are one of the most important assets of a company; our suppliers therefore commit to ethical and responsible relations with each individual employee. This includes being treated fairly by supervisors as well as dealing with each other in a helpful and cooperative way.

5.2 Occupational health and safety

Employees should always find a healthy, safe and hygienic workplace. Our suppliers strictly observe all applicable health care and occupational safety standards and regulations and take all measures required in order to avoid damage to their employees' health.

5.3 Fairness and equal opportunities

Our suppliers commit to the equality of all employees, regardless of any personal characteristics. This includes in particular their ethical, national and social origins, their race and skin colour, their gender, age, religion and world views, political views and activities, membership in a workers' organization, sexual orientation or any disability or illness. Any discriminating, violent or harassing behaviour will not be tolerated; all national laws against discrimination, bullying at work, violence, assaults or sexual harassment at work will be strictly observed.

5.4 Working hours, pay and social security

Our suppliers comply with all nationally applicable laws and standards as well as the applicable ILO Conventions regarding working hours, pay and social security benefits and always pay their wages on time and fully.

5.5 Employees' freedom of association

Our suppliers respect their employees' freedom of association and their right to collective bargaining subject to national legislation. If and to the extent that any national laws restrict such collective rights, they shall permit the free and independent association of their employees for the purpose of conducting negotiations.

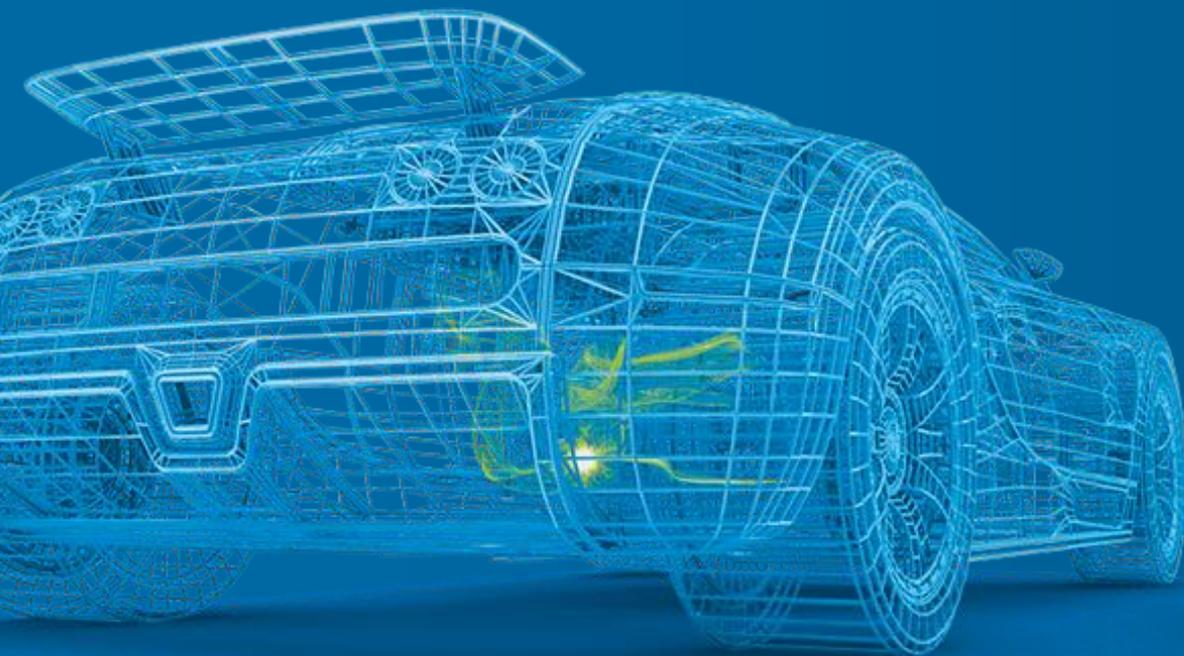
5.6 Combating child labour, forced labour and exploitation

Our suppliers dissociate themselves from all types of unlawful exploitation of employees. Child labour as defined by national legislation and the ILO Conventions will not be tolerated. The protection of minors in employment shall be ensured. All types of involuntary labour or unethical exploitation as well as all forms of occupation which obviously violate the employees' dignity or the general human rights are prohibited.

5.7 Disciplinary actions

Our suppliers absolutely respect their employees' dignity when applying disciplinary methods. Disciplinary actions and other sanctions including fines shall not be imposed at random and shall only be imposed as permitted by the national legal situation. We regard any interference with the employees' privacy or physical integrity as absolutely impermissible.

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