

MD Supplier Code of Conduct

Code of Conduct for Suppliers of the MD Group

MD ELEKTRONIK (including the companies of the MD Group) develops and manufactures high-quality data transmission solutions for the international automotive industry. We are committed to the highest moral and ethical standards and have laid down our visions and values in a separate mission statement: this Code of Conduct is an elaboration of our 'Vision and Values'.

Morality and ethics must be embodied within the entire supply chain. We therefore want to motivate all suppliers to conduct themselves ethically and we expect every single supplier to live by our principles and to assume responsibility for the goals set down here. However, the principles laid down in this Code of Conduct should not be viewed as limitations; rather, they should serve as a guideline for our concept of integrity, and as a means of protecting our company and our suppliers from legal consequences.

For this reason, knowing these rules and complying with them is extremely important – for you personally as well as for all of us as market participants. In this respect, we also expect our suppliers to instruct and commit their sub-suppliers accordingly. MD ELEKTRONIK reserves the right to verify compliance with the requirements by appropriate means. Any identified non-compliance with the sustainability requirements in a supplier's supply chain will be assessed by the supplier within a reasonable period of time and remedied on their own responsibility without incurring additional costs for MD ELEKTRONIK.

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1. Business Ethics & Compliance

1.1 Integrity in dealing with our partners, compliance

We expect our suppliers to place the highest value on integrity and ethical conduct in their dealings with customers, suppliers and other external parties, including authorities and governments. As a matter of principle, all applicable national, European and international laws against bribery, corruption, extortion, embezzlement and other unfair business practices must be complied with. We always counter violations of these principles with a zero-tolerance policy.

1.2 Avoidance of conflicts of interest, adherence to anti-corruption measures

In general, conflicts of interest have to be avoided when dealing with business partners. In the context of their work, employees are not permitted to accept or offer personal benefits that exceed the limits of what is appropriate or that could result in the exertion of undue influence on the partner. This applies equally to gifts, services, hospitality and events. Offering or accepting money or other assets with monetary value (even indirectly, through donations or sponsoring) is strictly prohibited; exceptions are made here for charitable organizations or events.

1.3 Intellectual Property, information security

The greatest care and the need-to-know principle must be applied when dealing with intellectual property and other information. In this context, the greatest importance must be attached to the protection of and respect for the intellectual property of others.

When sharing information, the accuracy and security of the information must be ensured. In general, it is allowed to disclose information only if the classification of the information permits such disclosure and if the recipient of the information also undertakes to comply with the corresponding security measures or if the disclosure is made on the basis of a statutory or official order.

1.4 Responsible financial activities and transparency

Our suppliers' accounts are generally kept in accordance with Generally Accepted Accounting Principles (GAAP). Business partners are carefully selected and any activities related to money laundering are not supported.

Information and documentation about financial activities are archived and stored in a secure, structured and traceable manner. When passing on such information, suppliers are always committed to the truth. Information to business partners and to authorities is prepared and transmitted in accordance with the principles of transparency and integrity.

1. Business Ethics & Compliance

1.5 Data protection

The principles of data protection are to be respected in accordance with the applicable national regulations. In general, personal data is only used for permitted procedures and only within the scope of the purpose for which the data was collected.

1.6 Fair competition and anti-cartel enforcement

Fairness between competitors and healthy entrepreneurial competition are the most important driving factors in our economy. Consequently, our suppliers comply with all applicable national, European, and international laws regarding the prevention of unfair competition and the formation of cartels. They respect and promote free and fair competition and work to combat all kinds of corruption.

The following principles are included:

- Business partners are not selected or excluded without an appropriate, justifiable reason.
- Agreements on prices, conditions or other information relevant under competition law with competitors are not permitted.
- No allocation of markets or customers, which is prohibited under antitrust law, and improper market shortages will take place.
- No fictitious bids will be submitted in tenders.

1.7 Counterfeit products

Our suppliers attach great importance to ensuring that no counterfeit products can enter the supply chain, neither before nor after them. Therefore, they exclusively purchase all preliminary products and raw materials directly from the manufacturer or through distributors released by the manufacturer.

1.8 Quality and product safety

The success of our industry depends on the consistently high quality of our products. Our suppliers will organize all their production sites in such a way that manufacturing quality according to ISO 9001 and IATF 16949 is the focus of all processes. Upon delivery, all products and services must meet the contractually specified criteria for quality and safety and be safe to use them for their intended purpose.

1.9 Appearance in public, use of social media

Our suppliers respect the principles of freedom of expression, freedom of information and free media. They use only legal and honest methods in their marketing and in the public appearance of their employees. These principles also apply to the use of social media.

1. Business Ethics & Compliance

1.10 Reporting of critical incidents; identity protection and protection against discrimination

Our suppliers establish a defined reporting office to which employees can turn at any time to report suspicious cases – anonymously if necessary – in the event of ethical concerns, suspicion of a criminal offense or suspicion of unauthorized methods. All employees who correctly or in good faith make a tip about a suspected case must not be subject to any disciplinary or employment sanctions for doing so, or they must not be otherwise adversely affected.

2. Human Resources

2.1 Social responsibility

Satisfied and motivated employees are one of our suppliers' most important resources. Therefore, our suppliers are committed to treating every single one of their employees ethically and responsibly. This applies to full-time employees, as well as part-time or temporary employees, temporary workers, trainees, students, freelancers and other employees, regardless of the form of employment. This also includes using temporary and contract workers only when necessary and only to the extent permitted by national law.

2.2 Human rights and working conditions

Our suppliers respect and promote internationally recognized human rights and fundamental social rights. At all sites, they abide by locally applicable laws and observe internationally recognized standards such as – in particular – the principles of the UN Global Compact. When applying disciplinary tools, the suppliers respect the fundamental dignity of their employees. These tools are not applied arbitrarily; they are only used within the bounds of national law.

2.3 Equal opportunities, avoiding discrimination and harassment

Our suppliers strongly believe in equal treatment and equal opportunities for everyone, regardless of ethnicity, nationality, or social background, skin color, gender, state of health, ideology, religion, sexual orientation, age, political beliefs/activities, and membership in workers' associations. Employees are selected, hired and promoted exclusively on the basis of their professional qualifications and individual skills.

Discriminatory, violent or harassing behavior by or towards employees will not be tolerated and all national laws against discrimination, bullying, violence, coercion and sexual harassment in the workplace will be observed.

2.4 Individual and collective labor law, working hours

Our suppliers adhere to the applicable national laws and standards regarding working hours, wages and benefits, as well as to all relevant ILO conventions. Additionally, they adhere to all national laws regarding freedom of association and collective bargaining. As a matter of principle, working hours and overtime only take place within the legally permissible scope.

2. Human Resources

2.5 Child labor and young employees

Underage employees enjoy special protection and may only be employed within the applicable legal framework. Our suppliers adhere to all anti-child labor provisions; they do not tolerate child labor as defined by national law and ILO conventions. Underage employees will not be assigned to hazardous work, night work, overtime, or other types of physically or mentally stressful employment.

2.6 Wages and benefit payment

Our suppliers pay all employees fair salaries. This also includes fair and legally compliant compensation for overtime. Wages are paid on time and in full, and all employees also receive a transparent pay slip.

2.7 Forced labor

Our suppliers are strongly against the illegal exploitation of employees. All types of involuntary labor and all forms of employment that overtly violate the dignity of employees or human rights in general are prohibited. All employees receive an employment contract in an understandable language and have the right to terminate their employment in compliance with legal and contractual provisions. Employees' personal documents and identification/identity documents are not withheld from them, tampered with, or destroyed. These principles are also followed for temporary and contract workers.

2.8 Occupational health and safety, fire protection

The employees of our suppliers will have a healthy, safe, and hygienic workplace at all times. Our suppliers observe all applicable standards and regulations of health care, occupational safety and fire protection and take the necessary measures to prevent damage to health. Contingency plans have to be prepared and appropriate emergency trainings have to be conducted. Safety equipment and instructions are always up-to-date and accessible to all relevant employees. The consumption of alcohol and intoxicants at the workplace and working under the influence of alcohol and intoxicants are strictly prohibited.

3. Environment & Energy

3.1 Sustainability and environmental protection

Our suppliers also develop and manufacture their products with environmental and climate protection in mind; this includes, in particular, the long service life and recycling-friendly design of the products, the conservation of resources and low energy consumption in the use phase through to recycling.

3.2 Energy consumption, greenhouse gas emissions, air quality

Our suppliers strive to continuously reduce their energy consumption, as well as their emissions of CO₂ and other greenhouse gases. Likewise, they strive to continuously reduce their contribution to general air pollution and, ideally, to avoid it completely. We reserve the right to request from the supplier specific inquiries about the product CO₂ footprint (scope 1-3) for the products, processes and services procured by MD ELEKTRONIK. The collection, calculation, evaluation and communication of the relevant CO₂ data shall be performed in accordance with the applicable norms and standards of the Greenhouse Gas Protocol (GHG Protocol).

3.3 Water consumption and quality

Our suppliers strive to continuously reduce their water consumption and to avoid water pollution completely.

3.4 Handling of natural resources and waste prevention

Our suppliers strive to continuously reduce their residual waste. Residual waste that cannot be avoided is recycled or disposed of in a professional and environmentally friendly manner.

3.5 Permits, licenses and inspections

Our suppliers ensure that all required environmental permits and licenses are in place and that prescribed inspections are carried out on time.

3. Environment & Energy

3.6 Ingredients of products, conflict ores

The substances contained in the products are transparently entered and continuously updated by our suppliers in the International Material Data System (IMDS) and, if necessary, in the China Automotive Material Data System (CAMDS). In general, all components included in the bill of material are taken into account. The supplier undertakes to comply with the regulations on prohibited and declarable substances, e.g. ELV, RoHS and REACH, and to provide evidence of this compliance.

Our suppliers regularly monitor their supply chain for conflict ores („3TG“ = tin, tungsten, tantalum, gold) in accordance with the requirements of Article 1502 of the Dodd-Frank Act and provide up-to-date information in the form of the CMRT (Conflict Minerals Reporting Template) upon request.

3.7 Responsible handling of chemicals

Our suppliers ensure that hazardous substances and other chemicals are stored, used and transported properly and safely. All necessary documentation is enclosed to products containing hazardous substances.

4. Supply Chain

4.1 Responsible procurement

Integrity is vital within the entire supply chain. Our suppliers therefore select their sub-suppliers carefully, setting high standards for correct business practices. In doing so, they also take into account the circumstances under which raw materials are obtained.

We expect our suppliers to provide us with ethically sound products. Specifically, this means that they do not knowingly source and use raw materials that have been extracted under circumstances that violate human rights, are corrupt or otherwise ethically questionable.

4.2 Export control, economic sanctions, defense products and dual use

In the case of cross-border trade relations, our suppliers observe the applicable national import and export restrictions, sanction regulations and trade bans.

Legal notice

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