



# MD Code of Conduct for Business Partners

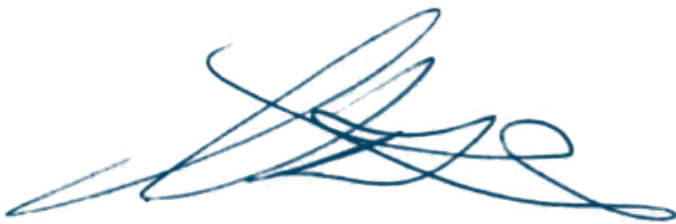
## Code of Conduct for Business Partners (including Suppliers) of the MD Group

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', which on the one hand is based on legal requirements such as the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) as well as internationally recognized standards such as the International Bill of Human Rights, ILO Conventions or the UN Global Compact, and at the same time concretizes the principles and standards described in our „Policy Statement on MD ELEKTRONIK's Human Rights Strategy“.

Morality, ethics and sustainability must be embodied within the entire supply chain. We can only achieve this goal if our business partners meet the same standards in this regard as those we measure ourselves against. The principles set forth in this Code of Conduct should not only serve as a guideline for our concept of integrity and as protection against legal consequences, but also define our expectations and thus the minimum requirements that business partners of MD ELEKTRONIK must observe and fulfill. In addition, we oblige our business partners to impose these requirements to their direct suppliers as well as to their employees.

For this reason, knowing these rules and complying with them is crucial – for you personally as well as for all of us as market participants.

Waldkraiburg, August 2023



ppa.

Christian Nebelung  
Global Vice President  
Supply Chain Management



i.V.

Christoph Engel  
Director Legal & Risk

# Table of contents

<b>1. BUSINESS ETHICS &amp; COMPLIANCE</b>	1
1.1 Integrity in dealing with our partners, compliance	1
1.2 Avoidance of conflicts of interest, adherence to anti-corruption measures	1
1.3 Intellectual Property, information security	1
1.4 Responsible financial activities and transparency	1
1.5 Data protection	2
1.6 Fair competition and anti-cartel enforcement	2
1.7 Counterfeit products	2
1.8 Quality and product safety	2
1.9 Appearance in public, use of social media	2
<b>2. HUMAN RESOURCES</b>	3
2.1 Social responsibility	3
2.2 Human rights and working conditions	3
2.3 Equal opportunities, avoiding discrimination and harassment	3
2.4 Individual and collective labor law, working hours	3
2.5 Child labor and young employees	4
2.6 Remuneration and benefit payments	4
2.7 Forced labor	4
2.8 Occupational health and safety, fire protection	4
<b>3. ENVIRONMENT &amp; ENERGY</b>	5
3.1 Sustainability and environmental protection	5
3.2 Resource consumption, Decarbonization	5
3.3 Waste prevention	5
3.4 Permits, licenses and inspections	5
3.5 Ingredients of products der Produkte, conflict minerals	6
3.6 Responsible handling of chemicals	6
3.7 Rights of local communities	6
3.8 Biodiversity, deforestation, animal welfare	6
<b>4. SUPPLY CHAIN</b>	7
4.1 Responsible procurement	7
4.2 Export control, economic sanctions, armaments and dual use	7
<b>5. DUE DILLIGENCE</b>	8
5.1 Risk management	8
5.2 Whistleblowing- & remedial mechanisms, identity protection, protection from discrimination	8
5.3 Further development and support	8

# 1. Business Ethics & Compliance

## 1.1 Integrity in dealing with our partners, compliance

We expect our business partners 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, money laundering 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; with the exception of purely charitable purposes or events.

## 1.3 Intellectual Property, information security

When dealing with intellectual property and other information, our business partners exercise the utmost care and always adhere to the „need to know“ principle. In this context, the greatest importance must be attached to the protection and respect of intellectual property owned by third parties.

When sharing information, our business partners ensure that the information is accurate and secure. As a matter of principle, they only disclose information if the classification of the information permits such disclosure and if the recipient of the information also undertakes to comply with corresponding security measures or if the disclosure is made due to a statutory or official order.

## 1.4 Responsible financial activities and transparency

Our business partner's 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 legitimate purpose for which the data was collected, and must be stored sparingly as well as processed transparently.

## 1.6 Fair competition and anti-cartel enforcement

Fairness between competitors and healthy entrepreneurial competition are some of the most important driving factors in our economy. Consequently, our business partners 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 business partners 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 business partners therefore organize their production sites in such a way that manufacturing quality according to IATF 16949 or at least ISO 9001 is the focus of all processes. All products and services must meet the contractually defined criteria for quality and safety upon delivery and must be safe to use with regard to their intended purpose.

## 1.9 Appearance in public, use of social media

Our business partners 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.

## 2. Human Resources

### 2.1 Social responsibility

Satisfied and motivated employees are one of our business partner's most important resources. Therefore, they are committed to treating every single one of their employees ethically and responsibly and ensure not to commit, participate in, or knowingly condone any violation of human rights. 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 business partners respect and promote internationally recognized human rights and fundamental social rights. At all locations, they comply by locally applicable laws and observe internationally recognized standards such as – in particular – the principles of the UN Global Compact. When using disciplinary sanctions, they respect the dignity of their employees and do not apply disciplinary measures arbitrarily and only within the bounds of national law.

If our business partners use private or public security forces to protect their operations or business projects, they ensure that they also respect internationally recognized human rights and standards.

### 2.3 Equal opportunities, avoiding discrimination and harassment

Our business partners strongly attach importance to equal treatment and equal opportunities for everyone, regardless of ethnicity, nationality, social background, skin color, gender, state of health, ideology, religion, sexual orientation, age, political opinion/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 business partners adhere to the applicable national laws and standards regarding working hours, wages and social benefits, as well as to all relevant ILO conventions. Additionally, they adhere to all national laws regarding freedom of association and collective bargaining. Our business partners uphold the right of their employees to join trade unions and the formation, joining and membership of such unions may not result in discrimination or retaliation measures. Our business partners also recognize the freedom of strike and the right to 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 business partners ensure the protection of young people at work and they do not tolerate any form of 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 Remuneration and benefit payments

Our business partners pay a competitive, performance-based and appropriate remuneration to all of their employees; this also includes fair and legally compliant compensation for overtime and the granting of legally required social benefits. Wages must at least comply with the nationally applicable legislation on minimum wages and also equal living wages. Workers' compensation is paid on time and in full. All employees also receive a transparent pay statement.

### 2.7 Forced labor

Our business partners do not tolerate any form of unlawful exploitation of employees. All types of involuntary labor and all forms of employment that overtly or subtly violate the dignity of employees or human rights in general are inadmissible. All employees are provided with 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 ID cards/identification 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

Protecting and promoting the health of their employees is a top priority for our business partners. They therefore ensure that their employees always have a healthy, safe and hygienic workplace. In addition, our business partners observe all applicable standards and regulations of preventive health care, occupational safety and fire protection and apply the necessary measures to prevent damage to health. Emergency plans must be prepared and appropriate emergency exercises must be conducted. Safety equipment and instructions shall be kept up to date and accessible to all relevant employees. The consumption of alcohol and other intoxicants in the workplace and working under the influence thereof are strictly prohibited.

## 3. Environment & Energy

### 3.1 Sustainability and environmental protection

To operate sustainably, we must protect our planet's finite resources and use them in a efficient and responsible manner. Our business partners therefore develop and manufacture their products also with environmental and climate protection in mind; this includes, in particular, the long service life and recycling-friendly design of products and packaging, conservation of resources and low energy consumption in the use phase through to recycling. We expect our business partners to comply with all environmental standards and laws applicable to their operating sites and thus to avoid harmful pollution of water, air and soil as well as harmful noise emissions.

### 3.2 Resource consumption, Decarbonization

We require our business partners to constantly reduce environmental impacts and to continuously improve environmental protection within their own sphere of influence. To this end, the consumption of resources (e.g. energy, water, raw materials) must be continuously minimized and attention paid to the preservation of natural soil quality. Our business partners should use efficient technologies and materials and, if possible, draw on renewable energy sources. We also expect our business partners to reduce their direct and indirect CO<sub>2</sub> emissions (Scope 1 - 3) by defined corporate targets. Our business partners create transparency with regard to their emissions and, upon request, provide us with information on the product CO<sub>2</sub> footprint (Scope 1 - 3) for the products supplied to us, services performed and the associated processes. The collection, calculation, evaluation and communication of the relevant CO<sub>2</sub> data must be carried out in accordance with applicable norms and standards of the Greenhouse Gas Protocol (GHG Protocol).

### 3.3 Waste prevention

Our business partners strive to encourage recycling and constantly reduce their residual waste. Unavoidable residual waste is recycled or disposed of in a professional and environmentally friendly manner.

### 3.4 Permits, licenses and inspections

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



## 3. Environment & Energy

### 3.5 Ingredients of products, conflict minerals

The substances contained in the products are transparently stored and continuously updated by our business partners in the International Material Database System (IMDS) and, if necessary, in the China Automotive Material Data System (CAMDS). As a matter of principle, all components included in the bill of materials are taken into account. The business partner undertakes to comply with the regulations on declarable and/or prohibited substances, e.g. ELV, RoHS and REACH, and to provide proof in this respect.

Our business partners regularly check their supply chain for conflict minerals („3TG“ = tin, tungsten, tantalum, gold) in accordance with the requirements of the EU Conflict Minerals Regulation 2017/821 or 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.

### 3.6 Responsible handling of chemicals

Our business partners 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.

### 3.7 Rights of local communities

Our business partners respect applicable local, national, international and traditional land, water and resource rights, in particular of indigenous people or local communities that may be affected by their business activities at current or future locations. In particular, harmful impacts on the health, safety and livelihood of these ethnic groups, as well as their unlawful forced resettlement or land theft, are imperative to avoid.

### 3.8 Biodiversity, deforestation, animal welfare

We expect our business partners to protect natural ecosystems and the associated biodiversity, and to ensure that their business activities do not lead to or contribute to unacceptable alteration, damage or deforestation of natural forests or other natural ecosystems.

If our business partners trade or market products covered by the EU Regulation on deforestation-free products (EUDR), we expect them to fulfill the due diligence obligations associated therewith.

Our business partners who process animal products undertake to respect nationally applicable laws on animal protection and welfare, as well as to ensure compliance with animal welfare along the supply chain through adequate processes, to promote such compliance, and to give preference to the use methods free from animal testing.

# 4. Supply Chain

## 4.1 Responsible procurement

Integrity is vital within the entire supply chain. Our business partners 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 business partners 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, armaments and dual use

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

# 5. Due Dilligence

## 5.1 Risk management

Our business partners are required to identify and assess the human rights and environmental impacts of their business activities and to establish an adequate risk management system with corresponding prevention and mitigation measures. We also expect our business partners to pass on at least the requirements set forth in this Code of Conduct to their suppliers and to implement them through appropriate contractual regulations, as well as to regularly monitor compliance with them.

## 5.2 Whistleblowing- and remedial mechanisms, identity protection, protection from discrimination

Our business partners undertake to establish an appropriate and transparent complaints procedure that enables employees, suppliers and other persons to report - anonymously if necessary - (potential) violations of the requirements set forth herein, criminal offenses, unauthorized methods or other indications of ethical concerns. An employee who correctly or in good faith reports a suspected case may not be subjected to any disciplinary or labor law sanctions for doing so, nor to be disadvantaged in any other way. If our business partners discover that requirements of this Code of Conduct have been violated in their business area or in their supply chain, they must take appropriate remedial measures immediately. We also expect our business partners to notify us of any confirmed violations of the requirements of this Code of Conduct in their own business or in their supply chain or of any regulatory investigative proceedings in this context. Notification may be made via email to [incident@md-elektronik.de](mailto:incident@md-elektronik.de). In addition, we reserve the right to verify compliance with these requirements by appropriate means and in a reasonable manner.

## 5.3 Further development and support

MD ELEKTRONIK recognizes that the implementation of and compliance with the requirements set forth in this Code of Conduct are dynamic processes. We motivate our business partners to exceed the current minimum requirements as well as to continuously develop them further and support our business partners in doing so by providing information, best practice approaches through the analysis of their activities in this context by a risk & compliance service provider commissioned by us and, last but not least, through an ever-constructive dialog.

## **Legal notice**

### **Company Address**

MD ELEKTRONIK GmbH  
Neutraublinger Straße 4  
84478 Waldkraiburg  
Deutschland

t.: +49 8638 / 604 – 0

f.: +49 8638 / 604 – 169

e.: [info@md-elektronik.com](mailto:info@md-elektronik.com)

Internet: <https://www.md-elektronik.com>

### **Executive Board**

Robert Hofmann  
Ctibor Žižka  
Ralf Eckert  
Matthias Borkowski

### **VAT Number**

DE 129 263 719

### **Register Court**

Traunstein (Germany) HRB 1514

© Copyright 2024, MD ELEKTRONIK GmbH. All rights reserved.