

Code of Conduct

For Suppliers of HEDRICH GmbH

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Introduction/Preamble

HEDRICH GmbH commits itself to ecological and social responsibility in corporate management. And we expect all our suppliers to act alike. Our employees (of any kind and nature) are also required to respect and integrate into our company's culture the principles of ecological, social and ethical conduct. Furthermore, continuous optimization of our corporate activities, products and services for the sake of sustainability is what we are striving for. So, we request our suppliers to participate in the same way, in the spirit of a responsible company.

For future cooperation, the contractual parties agree that the following regulations are valid for a common Code of Conduct. This agreement will be applicable as the basis for all future deliveries. The contractual parties engage to adhere to the principles and requirements of the Code of Conduct and make all endeavours to pledge their sub-contractors by contract to stick to the standards and regulations set forth in this document, too. This agreement will become effective upon signing. Any infringement of this Code of Conduct may be the reason for the company to, ultimately, terminate the business relationship including all pertaining delivery contracts.

The Code of Conduct relates to national laws and regulations, such as the Act on Due Diligence in Supply Chains (German: *Lieferkettensorgfaltspflichtengesetz LkSG*) as well as international conventions like the United Nations' General Declaration of Human Rights, the directives for the Rights of Children and Entrepreneurial Acts, the directives of the United Nations' Economics and Human Rights, the international work standards of the International Labour Organization as well as the Global Compact of the United Nations.

1. Requirements to Supplier

1.1 Social Responsibility

Exclusion of Forced Labour

Any forced labour, slave work or other comparable compulsion is strictly forbidden. All work must be done voluntarily and without threatening punishment. The employees must have the possibility to end work or terminate the employment at any time. Furthermore, any unacceptable treatment of employees (e.g. psychic hardship, sexual and personal assault and humiliation) is prohibited. It is not permitted to appoint or use security forces for treating people at work in an inhuman or humiliating manner, or if people are injured or their freedom of association is impaired.

Ban on Child Labour

In **no** phase of production, children can be used for working. The suppliers are demanded to observe the recommendation given by the ILO conventions regarding the minimum age for the employment of children, according to which children must not be younger than when general compulsory schooling ends pursuant to the laws in the country where the work is done, and in no case younger than 15 years. If any child is seen working, the supplier will have the duty to document the measures to be taken to remedy this condition and allow the child to attend school. The rights of young employees are to be protected. People younger than 18 years must not be employed for work that may harm health, safety or morality of children. Special protection regulations are to be kept.

Fair Pay

Remuneration for normal working and overtime hours must comply with the national statutory minimum wage or the customary minimum pay standards, whatever amount is higher. Remuneration for overtime is bound to exceed the pay for normal working hours in any case. If remuneration is not sufficient to cover the common costs for living and to generate a minimum of reserves, the supplier will commit itself to increase remuneration accordingly. The employees are entitled to all benefits prescribed by law. Wage deductions as sanctions are not permitted. The supplier must make sure that the employees obtain clear, detailed and regular information in writing on the constitution of their pay.

Fair Working Time

Working times must comply with the laws or industry standards in effect. Overtime is allowed only if done voluntarily and unless exceeding 12 hours per week; at least one day off is to be granted to the employees after six consecutive working days. Working time per week must not exceed 48 hours on regular basis.

Freedom of Association

The right of the employees to found and/or join any organisation of their choice, as well as to enter into collective negotiations and go on strike, is to be respected. In cases, where the freedom of association and the right to collective negotiations is restricted by law, alternative opportunities of an independent and free merger of employees for the purpose of collective negotiations must be admitted. Representatives of employees must be protected from discrimination; employees must not be discriminated because of having founded, joined or being member of such an organisation. Representatives of employees must be allowed free access to the workplaces of their coworkers to make sure that they can exercise their rights in a lawful and peaceful manner.

Ban on Discrimination

Any form of discrimination or unequal treatment of employees is prohibited, unless justified by the demands of employment. This rule applies e.g. for disadvantages on grounds of sex, race, caste, ethnic or social background, colour, handicap, health condition, political conviction, descent and origin, ideology, religion, age, pregnancy or sexual orientation. Personal dignity, privacy and right of personality are respected for each individual.

Health Protection, Safety at Work

The supplier will be responsible to ensure a safe and healthy working environment. The implementation and application of adequate work safety systems constitute the necessary precautionary measures to prevent accidents and damage to health in relation to the work to be done. Any excessive physical or mental fatigue must be avoided by suitable measures. Besides, the employees are to be informed and trained on standards in effect as well as measures for health protection and safety at regular intervals. The employees are allowed access to drinking water in sufficient amount as well as access to clean sanitary facilities.

Preservation of Natural Habitat

The supplier must not exploit any land, forests or waters that are the basis for safe livelihood of people, by infringing legitimate rights. Any harmful soil changes, contamination of waters and air, noise emissions as well as excessive water consumption must be avoided, if this harms the health of people, considerably affects the natural basis for the production of food or prevents people from access to clean drinking water or appropriate sanitary facilities.

Complaints Procedures

The supplier has to pass on to its employees all information obtained from the Hedrich GmbH on how to properly attain and implement a complaints procedure and who is the competent person to do that. The complaints procedure must be accessible to employees, without prejudice to confidentiality as regards identity and effective protection against disadvantages.

Unless stated otherwise, the supplier itself will be responsible for implementing an effective complaints procedure at operational level for individuals and communities that might be subject to negative impacts.

How to Deal with Conflict Minerals

For the conflict minerals tin, tungsten (wolfram), tantalium and gold as well as for other raw materials like cobalt, the company will establish processes to meet the duty of care for the support of responsible supply chains for minerals from conflict and high-risk zones in compliance with the principles of the Organisation for Economic Cooperation and Development (OECD, German: *Organisation für wirtschaftliche Zusammenarbeit und Entwicklung*), and also expects its suppliers to proceed that way. Any enamelling and refining without adequate, audited processes for diligence should be avoided.

1.2 Ecological Responsibility

Treatment and Disposal of Industrial Sewage

Any sewage from operations, manufacturing processes and sanitary facilities must be classified, monitored, revised and, if necessary, treated before discharge or disposal. In addition, it is recommended to implement measures to reduce sewage.

How to Handle Air Emissions

General emissions from operations (air and noise emissions) as well as greenhouse gas emissions must be classified, monitored by routine, revised and, if necessary, treated before being released. The supplier is also on duty to supervise its exhaust gas cleaning systems and is obliged to find economic solutions to minimize emissions.

How to Handle Waste and Harmful Substances

The supplier will follow a systematic approach on how to determine, handle, reduce and responsibly dispose of or recycle any solid waste. The export prohibitions for harmful waste as per the Basel Convention of 22 March 1989 (the current version thereof) are to be heeded. Any chemicals or other materials bearing a risk to the environment when released must be determined and handled in such a way that safety is ensured at any time when handling, transporting, storing, using, recycling or re-using and disposing of these substances. Mercury is to be used only in compliance with the prohibitions of the Convention of Minimata of 10 October 2013, and any persistent organic pollutants in compliance with the Convention of Stockholm of 23 May 2001 (each in their current version).

How to Reduce Consumption of Raw Materials and Natural Resources

The use and consumption of resources during production and the generation of any kind of waste, including water and energy, are to be reduced or avoided resp. This is done either directly at source or by processes and measures, such as e.g. a change of production and maintenance routines or organisational processes, by the use of alternative materials, by saving resources, by recycling or by reusing materials.

How to Handle Energy Consumption/Efficiency

Energy consumption is to be controlled and documented. Economic solutions must be found to enhance energy efficiency and minimize energy consumption.

1.3 Ethical Business Conduct

Fair Competition

Standards for fair business activities, fair advertising and fair competition must be observed. Also to be applied are the antitrust laws in effect that forbid, in particular, agreements and other activities shaping prices or conditions in dealing with competitors. Moreover, these regulations do not permit any agreement between customers and suppliers that restricts the customers' freedom to make an autonomous decision on prices and other conditions for resale.

Confidentiality/Data Protection

The supplier commits itself to meet the reasonable expectations of its purchaser, sub-contractors, customers, endusers and employees with regard to the protection of private information. When collecting, storing, processing, transmitting and disclosing any personal information, the supplier has to observe the statutory prescriptions for data protection and safety of information as well as official regulations.

Intellectual Property

The rights to intellectual property are to be respected; any transfer of technology and know-how must be done in such a way that intellectual property rights and customer information are not jeopardized at any time.

Integrity/Bribery, Enrichment

All business activities are to rely on the highest integrity standards. The supplier must maintain a zero-tolerance policy in banning all kinds of bribery, corruption, extortion and embezzlement. Processes for monitoring and enforcing the standards must be applied to ensure that the anti-corruption laws are observed.

Conflict of Interests

The supplier will make decisions on the basis of factual considerations and will not be driven by personal interests in undue manner.

Counterfeit Products and Intellectual Property

The supplier will involve methods and processes to minimize the risk of importing counterfeit products and fake materials in its products. Moreover, effective measures must be established to find and identify counterfeit products and fake materials. When such product is discovered, the materials must be separated and HEDRICH and/or prosecution authorities, if applicable, must be informed immediately.

2. Realization of Requirements

Our suppliers are demanded to identify risks with regard to supply chains as well as to take appropriate remedial action. In case of a suspected infringement as well as in order to secure supply chains bearing an increased risk, the supplier will inform the company in time and, if necessary, on regular basis about breach(es) and risk(s) identified as well as the remedial measures taken. The company will verify by means of risk-based audits at production sites of the supplier(s) whether it/they adhere(s) to the standards and regulations set forth in this document. The supplier agrees that the purchaser can perform such audits once a year or as a specific occasion arises in order to see whether the code is heeded at the production sites of the supplier; this is done at the usual business hours after reasonably timed advance notice by a person/persons appointed by the company. The supplier will have the right to contradict to individual audit measures, if they infringe mandatory regulations regarding data protection.

If an infringement of the regulations in this Code of Conduct was found, the purchaser would inform the supplier in writing, without delay, within a period of one month, granting a reasonable grace period to rectify its behaviour and comply with these regulations again. If a remedial action is not possible within foreseeable time, the supplier will be bound to indicate that immediately, and draft a concept on how and when to end or minimize the infringement together with the company. If such infringement has happened culpably, the grace period has expired without any reaction and/or the measures contained in the concept have not been appropriate to resolve the matter at the end of the scheduled time, and if the purchaser feels thus unable to continue its contractual commitment until due termination, or if no less severe means is available, the purchaser will have the right to cancel the contract or business relationship and terminate all contracts after effectless expiry of the deadline given, provided that this has been menaced when the grace period was given. The statutory right to an extraordinary termination without a grace period, in particular when the infringement must be regarded as very severe, as well as the right to compensation will remain untouched by this.