

PREAMBLE

From its beginnings as a "Workshop for magnetic coils" in 1953, Hechinger has become a leading provider in the development and production of customer-specific magnet systems as well as mechatronic and electronic sub-assemblies. Throughout its history, the company has been guided by the values and ethical principles of its founder, Helmut Hechinger. The assumption of responsibility towards society and future generations has long been a tradition at Hechinger. We aim to improve people's quality of life and safeguard current and future generations' livelihoods by acting in an economically, ecologically, and socially responsible manner. Our economical and responsible actions are to the benefit of society and the environment. Hechinger is committed to upholding internationally recognized human rights and social standards throughout the value chain. Our business partners play a significant role in achieving these goals. We regard a shared appreciation of ethical values and sustainable practices to be a mainstay of these relationships. The social and environmental standards and practices described herein are based on the Ten Principles of the United Nations Global Compact, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. The requirements and principles of this Code of Conduct are integral to contractual obligations and the collaboration of our business partners and the Hechinger group, to which the companies listed in Appendix 1 belong. Therefore, our business partners undertake to comply with and promote the following principles of this code of conduct and to train their employees regularly and appropriately in this regard. In addition, this content is also fully valid for suppliers and other third parties who are used by our business partners to fulfill the contract with Hechinger. Requirements corresponding to the content of this code of conduct are therefore to be integrated by the business partner into their own contracts. We expect that it will use its best efforts to obligate its suppliers and other third parties accordingly.

PRINCIPLE OF LEGALITY

Hechinger respects the principle of strict legality in all activities, measures, contracts, and other practices of the Hechinger Group, and expects the same from its business partners. This includes paying taxes and customs duties, observing fair competition and antitrust laws, prohibiting corruption and money laundering, complying with the state of the art, obtaining all necessary official authorizations, complying with export control regulations, and not infringing on any third party's legal rights as well as laws protecting social and environmental standards.

SOCIAL STANDARDS

Human rights

We expect our business partners to consistently respect and actively protect internationally recognized human rights. The United Nations Guiding Principles on Business and Human Rights provide the underpinning for this. This includes protecting local communities, indigenous peoples, and human rights defenders.

Child labor

Our business partners undertake to employ only persons who have reached the minimum legal age for work set out by statutory provisions in the country of employment and not to tolerate any form of child labor. ILO Conventions No. 138 on the Minimum Age for Employment and No. 182 on the Elimination of the Worst Forms of Child Labor shall be observed. Beyond that, our business partners also undertake to observe and respect the dignity and rights of children.

Forced labor

We expect our business partners to strictly reject any form of forced labor, which includes but is not limited to human trafficking, torture, and slavery or compulsory labor of any kind. The principle of freely chosen employment is to be respected and observed.

Freedom of association

The fundamental right of employees to form and join trade unions of their own free choice are to be respected by our business partners. Membership in trade unions or employee representative bodies shall not constitute a reason for unjustified discrimination. The right to collective bargaining for the settlement of disputes pertaining to working conditions and the right to strike shall be granted within the framework of statutory provisions and in accordance with ILO Convention No. 98.

Equal opportunities and fair treatment

We expect our business partners to take exception to discrimination of any kind, be it based on skin color, ethnic origin, gender, age, nationality, social background, disability, sexual orientation, religious affiliation, human ideology, or political and trade union activity. The same applies to any form of harassment. Given comparable requirements and tasks, the principle of equal remuneration for work of equal value shall apply irrespective of gender. ILO conventions are to be observed.

Fair working conditions

Our business partners undertake to enforce the right to fair labor conditions in accordance with applicable ILO conventions. This includes fair wages and social benefits equal to or higher than the rates prescribed by national or regional authorities, legal standards, or other labor agreements. The statutory provisions on minimum wage in the respective countries are to be observed alongside the applicable regulations on working hours, breaks, and vacation entitlements.

Occupational health and safety

At the minimum, our business partners shall comply with national workplace safety and hygiene standards and take appropriate measures to meet occupational health and safety requirements so as to ensure healthy working conditions. In addition, our business partners who are also manufacturers shall consider adopting and advancing an occupational health and safety (OHS) management system pursuant to ISO 45001 or an industry-appropriate OHS management system, and take suitable measures to achieve the objectives of an OHS management system.

Protection from eviction and deprivation of land

Our business partners undertake to refrain from any unlawful evictions. They shall also refrain from any unlawful deprivation of land, forests, and waters via the acquisition, development, or other use thereof.

The use of private or public security forces

Our business partners undertake to refrain from hiring or using private or public security personnel if, due to a lack of instruction or control on the part of the company, there is a risk of breaching the prohibition of torture and cruel, inhuman, or degrading treatment, of jeopardizing life or limb, or of infringing on the freedom of association.

ENVIRONMENTAL STANDARDS

Environmental protection

In keeping with the precautionary principle, our business partners undertake to make every effort to minimize risks to people and the environment and to protect the natural resources that underpin the production of food. All processes, operating sites, and production resources employed by our business partners must meet applicable statutory requirements and standards for environmental protection. Our business partners who are also manufacturers undertake to adopt and advance an environmental management system (EMS) pursuant to ISO 14001 or an environmental management system suitable for the industry. Business partners are also obliged to take measures to achieve ISO 14001 objectives in an appropriate manner.

Climate action

We expect our business partners to engage in persistent and active climate action, for example, by increasing energy efficiency or generating or procuring energy from renewable sources. They are to provide a transparent view of their carbon emissions and set ambitious carbon reduction goals.

Water consumption and quality

Our business partners undertake to use water with due care. In regions where water is scarce, they are to minimize the withdrawal of water and afford access to potable water and sanitation. Wastewater quality standards shall be defined and monitored within the scope and structure of applicable statutory and regulatory requirements.

Air and soil quality

At the minimum, our business partners shall comply with applicable statutory provisions and local authorities' requirements.

Materials and waste disposal

We expect our business partners to minimize any impact their operations may have on the environment and to use resources sparingly. Materials are to be reused whenever possible. In dealing with waste, our business partners follow the principle of first avoiding waste, then recycling, and finally disposing of it as a last resort. At the minimum, our business partners shall comply with applicable statutory provisions and authorities' requirements.

Substances of concern

Our business partners are required to observe the rules of material compliance – that is, the statutory substance prohibitions, restrictions, and declaration requirements and applicable standards on the Prohibition and Declaration of Substances. In particular, this means observing the ban on the production of products containing mercury, the prohibition on using mercury and mercury compounds in manufacturing processes and treating mercury waste according to the Minamata Convention, the ban on producing and using certain chemicals defined in the Stockholm Convention on Persistent Organic Pollutants, and the ban on exporting hazardous waste under the Basel Convention.

BUSINESS RELATIONS

Avoiding conflicts of interest

We expect our business partners to make decisions based on objective considerations and not to be improperly guided by personal interests. A business partner who becomes aware of a potential conflict of interest shall take internal measures to remedy these conflicts and notify Hechinger without delay.

Free competition

Our business partners are obliged to observe the rules of fair competition and comply with all applicable statutory regulations. They shall also refrain from forming cartels or engaging in concerted practices deliberately or incidentally designed to bypass, restrict, or distort competition as defined by antitrust laws, or abuse a dominant market position.

Corruption

Our business partners undertake to abide by the applicable anti-corruption laws. In particular, they shall ensure that their employees, subcontractors, or representatives do not offer, promise, or grant advantages to associates of the Hechinger Group with the aim of obtaining a contract or other preferential treatment in the course of business. The same rules apply to agreements with third parties concluded in connection with a contract with Hechinger.

Money laundering

Our business partners are required to comply with laws to prevent money laundering and duly fulfill their reporting obligations.

Conflict minerals

We expect our business partners to desist from all activities that directly or indirectly contribute to the funding of armed groups. We demand from our suppliers respect and compliance with existing legal requirements concerning the mining of raw materials in conflict and high-risk territories – so called “conflict minerals” defined for instance in the Dodd-Frank Act and respective EU-regulations. The classification “conflict minerals” includes, independently of their geographical origin, the minerals cassiterite, coltan, wolframite, and their derivatives tin, tantalum, tungsten, as well as gold (together known as 3TG). These raw materials are often mined with the risk of human rights abuses, as well as the risk that armed conflicts will be financed by the sale of these minerals. Considering the OECD principles “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”, we ask our respective suppliers to report the origin and the certification status of the smelters and refiners involved. Relevant suppliers and sub-suppliers are asked to collaborate with smelters and refiners that are conformant with the Responsible Minerals Assurance Process (RMAP) by RMI. The RMAP identifies smelters and refiners that can verify that their raw materials do not originate from suppliers contributing to conflicts in the high-risk areas. We also highly encourage our suppliers to participate in the RMI or similar relevant industry initiatives with the intention to improve the conditions in the extractive industry. If necessary, Hechinger requests full transparency of critical supply chains and reserves the right to conduct assessments or audits of suppliers at risk.

Data privacy and data security

Our partners undertake to enforce the right to informational self-determination, the privacy of personal data, and the security of all business information and personal data in all business processes in compliance with statutory provisions and the applicable privacy and information security laws.

Customs and export control regulations

Our business partners undertake to comply with international customs and export control regulations, and proactively share foreign trade-related information in the interests of a secure supply chain.

WHISTLEBLOWER SYSTEM

All business partners, their employees, and affected parties are encouraged to report suspected cases and violations of this Code of Conduct. This shall serve to mitigate the consequences of such violations and prevent future misconduct of this nature. To this end, business partners are to set up whistleblower systems of their own or join an industry-wide system. Hechinger may be notified by email, by phone (see below), or via the Hechinger whistleblower system. Our business partners shall brief their employees on this whistleblowing option.

COMPLIANCE WITH THE CODE OF CONDUCT

Compliance checks

Hechinger reserves the right to take reasonable steps to check for compliance with the Code of Conduct. Business partners shall actively support any required compliance checks. Hechinger will contact the business partner beforehand to agree on the scope, time, and place of such checks. The partner shall respond to inquiries and requests for information within a reasonable timeframe and in compliance with the formalities specified by applicable data protection laws.

Remedial actions

Violations are to be ceased immediately, particularly breaches of human rights-related and environmental obligations. Should this not be possible within the foreseeable future, the business partner shall immediately prepare and execute a plan to stop or minimize such breaches. This plan is to include a specific time schedule. Actions taken shall be documented and reviewed for effectiveness. In the event of a suspected breach, the business partner is to immediately investigate the potential violations and inform Hechinger of the measures taken to resolve the matter.

Consequences of breaches

Any dereliction of the obligations described in this Code of Conduct constitutes a breach of contract with Hechinger and a material impairment of the business relationship between Hechinger and the business partner. The business partner shall, within a reasonable timeframe, inform Hechinger of the internal corporate measures taken to prevent future derelictions. In the event that the business partner should fail to comply with these obligations or take appropriate corrective action within a reasonable timeframe, or if the breach of the Code of Conduct is so severe that Hechinger cannot be reasonably expected to continue the business relationship, Hechinger reserves the right – without prejudice to any other rights – to terminate the relationship without prior notice and rescind any associated contracts or agreements.

Helmut Hechinger GmbH & Co. KG

Junkersstrasse 4
78056 Villingen-Schwenningen
Deutschland
Telefon +49 7720-988-0

Report potential breaches at: compliance.management@hechinger.de

The company stated below, confirms for itself and for all of its affiliated companies to commit to all of the principles requested in Helmut Hechinger's Code of Conduct for Suppliers / Business Partners within all business operations and activities.

(place, date)

(name / position in the organization)

(authorized signature/s and company stamp)

Appendix 1 to the Code of Conduct**Helmut Hechinger Besitzgesellschaft mbH & Co. KG**

Junkersstraße 4
78056 Villingen-Schwenningen
Deutschland
Tel.: 07720 / 988-0
Fax: 07720 / 988-188

Helmut Hechinger GmbH & Co. KG

Junkersstraße 4
78056 Villingen-Schwenningen
Deutschland
Tel.: 07720 / 988-0
Fax: 07720 / 988-188

Hechinger Electronic GmbH & Co. KG

Helmut-Hechinger-Straße 2
78083 Dauchingen
Deutschland
Tel.: 07720 / 988-400
Fax: 07720 / 988-421

Hechinger Hungary Kft.

Kossuth L. u. 77
6060 Tiszakécske
Ungarn
Tel.: + 36 76 / 541-035
Fax: + 36 76 / 541-059

Hechinger Electromechanics (Pinghu) Co. Ltd.

Building 1#, no. 2199 Hongjian Road
314200 Pinghu City,
Zhejiang Province,
P.R.China

MEKU Kunststoff Technologie GmbH

Lupfenstraße 57,
78056 Villingen-Schwenningen
Deutschland

MEKU Mechatronische Systeme GmbH

An der Sempst 20
D-84174 Eching
Deutschland