

CODE OF CONDUCT (published October 2021)

○ **OBJECTIVE:**

The objective of this declaration of principles of conduct is to provide our employees and business partners with a series of clear guidelines regarding the expected behaviors. It is a guide comprising the duties and obligations that employees have in terms of business conduct.

○ **SCOPE:**

The guidelines that will be established in the different areas of this declaration of principles describe the expected behaviors in conducting business arising from the foundations of the company's mission, vision and values.

This document applies to all employees and business partners who are considered direct and indirect partners of the Melecs Group.

Failure to comply with the guidelines established in this document may lead to sanctions and consequences for those involved, which may even lead, in the worst case, to employee's job separation from the company or discontinuing of business relationship with partners.

○ **PURPOSE:**

The purpose of this document is to establish clear guidelines of conduct on the behavior that our employees and business partners have in the business, in terms of:

- Compliance with the law
- Anti-corruption
- Anti-trust
- Nondiscrimination
- Harassment
- Child labor
- Time at work
- Respect for freedom of association
- Compensation and benefits
- Forced labor
- Slavery
- Conflict of interest
- Health, Safety and Environment
- Relationship with the community
- Supply Chain
- Supplier Code of Conduct
- Supplier Quality Requirements
- Confidentiality and Intellectual Property
- Data Security
- Reporting of unacceptable behavior

○ **INTRODUCTION CODE OF CONDUCT:**

A fundamental element for the success of the Melecs Group is the dedication and willingness of each one of the employees to contribute to the fulfillment of the desired working conditions and the implementation of the corporate objectives that lead to achieving the desired results.

Two key elements for our collective success are:

- a) The application of an individual work ethic in the context of each respective task.
- b) A genuine interest in complying with the collective interests of work.

Our understanding of leadership is consistent with the following behaviors:

Management principles are a binding base for all employees with managerial responsibilities. The understanding of management aligns with the following values:

- We understand management as a key function to reach profitability and increase competitiveness.
- We are leading by being convinced, by value commitment and are committed to set agreements.
- We challenge our employees by agreeing on clear frameworks and results targets and check regularly their contribution to reach the targets.
- We honor our employees' performances based on transparent criteria.
- We focus on the development of all employees independent from gender, age, nationality and social status.

DECLARATION OF PRINCIPLES AND BEHAVIOURS

○ **COMPLIANCE WITH THE LAW**

It is expected that the direct and indirect employees and partners of the Melecs Group comply at all times with the legal requirements established by the respective jurisdiction in which the company operates for each of its operations. Normally, the company will be subject to a wide variety of legal requirements of a financial, labor, social nature, etc. The Melecs Group seeks that these legal requirements are met at all times both regionally, nationally and globally.

○ **ANTI-CORRUPTION**

The Melecs Group adheres to the applicable anti-corruption laws at all times. Business partners, subcontractors or agents shall not offer, promise or grant benefits to employees of the named company in order to receive benefits from these transactions. In the same way, the company's employees must avoid tolerating and incurring in any act of corruption or blackmail, including the issuance or receipt of any type of payment, benefit or gift in exchange for the fulfillment of an individual purpose.

The maximum amount authorized for employees to receive gifts from suppliers in the form of promotions or specific celebrations such as holidays, anniversaries, etc. is 50 USD.

In case of receiving offers of gifts with a value greater than the aforementioned amount, the collaborator must notify their direct supervisor.

The Melecs rules of procedure defined the following:

Handling “advantages”:

“Advantages” are in everyday language often called “gifts, or presents”. They are defined as material and immaterial services of all kind, for which the receiver does not have a claim. This does not only include the “classic” gifts in money or kind, but everything, that can be useful for the gift-receiver and put him in a better position, even if it is only to increase his social prestige. “Advantages” are also invitations of all kind (to restaurants and events of all kind), granting discounts, vouchers, donations, but also faster or preferential treatment of certain issues (applications at authorities, etc.)

Under which conditions is it allowed to accept “advantages”?

It is not allowed to demand benefits - it is only allowed to accept or be promised benefits, as long as they can be considered within socially accepted, reasonable limits. For benefits, that do not include invitations, the following is valid: It is in general only allowed to accept benefits as long as they are not to be considered improper or unreasonable. It is assumed no improper benefit, if it is a low-value gift, which does not consist of a monetary payment and - it is only a customary expression of appreciation and courtesy - and when critical and objective consideration gives the impression that the sender does not expect a particular behavior or a return of a favor - and you did not regularly receive gifts in frequent intervals.

Which “advantages” have to be declined in any case?

Benefits

- which exceed small-value gifts or – even if of low-value seem improper or inappropriate.
- which when critically and objectively considered, motivate you to a certain behavior.
- which you receive, “because in the future, you might return a favor”.
- from people, from whom you received benefits in the past in frequent intervals – even if they were only marginal.

Employees should not offer gifts or entertainment to gain preferential treatment or be perceived by others as potentially influencing their decisions. Gifts or entertainment should only be given where it is customary and proper to do so, provided that no obligations could be, or perceived to be, expected in connection with the gifts or entertainment.

○ **ANTI-TRUST**

Melecs competes vigorously, but fairly, and supports free and fair competition. We will comply with all applicable antitrust laws in the jurisdictions in which we operate. This policy also applies to all persons who act on Melecs' behalf, including employees, officers, directors, consultants, and agents.

○ **NONDISCRIMINATION**

At all times, the position of the Melecs Group is, that employees, without exception, are treated with respect and conditions of fairness. The company does not tolerate employees to participate in any type of discrimination, in any of its forms.

Some guidelines that must be followed regarding non-discrimination are:

- Promote equal opportunities to all people and respect the individual rights of each employee, regardless of their race, age, gender, sexual preference, socioeconomic

status, political or religious belief, nationality, disability or any other characteristic not related to their work abilities.

- Promote adequate remuneration for each employee, considering the nature of their work and the macro and microeconomic conditions of their work region and of their competitors. This with the aim of guaranteeing you a remuneration that provides you with quality living conditions, regardless of your race, age, gender, sexual preference, socioeconomic condition, political or religious belief, nationality, disability or any other characteristic not related to your work capabilities.
- Report any situation detected regarding discrimination or harassment of any kind that the employee may detect.

○ **HARASSMENT**

The Melecs Group seeks at all times to avoid behaviour of disrespect, physical or psychological harassment, sexual harassment or psychological pressure of any kind. Behaviours expressed through verbal or non-verbal language, which are physically threatening or abusive to any employee of the company or business partners, will not be tolerated. It is expected at all times to treat others under a framework of respect and dignity.

○ **CHILD LABOR**

At all times, the Melecs Group strongly rejects child labor. Melecs Group is committed to complying with the International Labor Organization (ILO) agreement on the minimum age of employees. We do not accept child labor.

○ **TIME OF WORK**

The working hours of Melecs Group must always comply with the relevant provisions of the applicable labor law of the local entity, but must also follow the expectations set by the customers (see Code of Conduct for suppliers in document: Melecs Supplier Manual).

○ **RESPECT FOR FREEDOM OF ASSOCIATION**

The Melecs Group recognizes and respects the right of all its employees to freedom of association and freedom of collective bargaining.

○ **COMPENSATION AND BENEFITS**

The Melecs Group establishes as a priority the exchange of work and the use of human talent for a decent and fair salary. It guarantees that no employee receives a salary lower than the one established as the Minimum Salary in the countries of our facilities.

Regarding the granting of benefits to our employees, the company strictly follows the minimum benefits established in the Federal Labor Law of our different locations. This includes both the benefits granted in the form of periodic payments as well as the benefits to which any employee is entitled in any eventual case.

○ **FORCED LABOR**

Within the Melecs Group no collaborator is forced to carry out their work involuntarily, under threat or under sanction. Employees carry out their activities on their own free will under favorable working conditions. The company does not make false promises in order to force an employee to accept a job that they would not otherwise have accepted.

○ **SLAVERY**

Slavery, labor exploitation, illicit confinement and human trafficking within the facilities of the Melecs Group are prohibited, as this constitutes a violation of the human rights of employees. The company protects the freedom, security and dignity of employees, guaranteeing their rights, equitable treatment and fair payment for their work. Protection systems are strengthened to protect company employees and thus prevent them from being victims of an unethical situation. Additionally, the Melecs Group ensures that none of the members of its supply chain exercises any type of slavery, forced labor, child labor or human trafficking in order to maintain its ethical company standard.

○ **CONFLICT OF INTEREST**

The Melecs Group considers that all its employees have the responsibility and obligation to exercise actions that exclusively result in a benefit for Melecs. A conflict of interest arises when for reasons of an interest or a relationship of personal nature, it can interfere with the obligation to benefit only the company.

Some of the cases in which conflicts of interest are commonly created are the following:

- When there are family members working within the company and the employment relationship between them can influence business results.
- When there is a relationship of a family or love nature with a person who works as a supplier, contractor or client of the company.
- When there is a relationship of a family or love nature with a person who works in a company that is the competence of the Melecs Group.
- When an employee of the company or a member of their family (including love relationships) has a financial interest that is considered significant with a company that could be considered the company's competition, or even with its suppliers or clients.
- When a collaborator repeatedly receives significant considerations, benefits or gifts that are the result of their position in the company.
- When a company employee uses company resources for their own personal benefit or that of their family, friends or love relationships.
- When a company employee works for more than one employer at the same time, and this could represent a risk in terms of confidential information or care of the interests of the company. This includes working in their own business where the employee is using company information or resources that provide personal benefit to themselves or to their family, friends or love relationships.
- When a company employee is involved in the purchase of any consumer or real estate for the company, from which a personal or family benefit may result.

In any of these cases, the obligation of all collaborators is to report the conflict, whether it is real or potential, with the Human Resources area. In the event of a conflict of interest not formally reported to Human Resources, there may be penalties for the employee according to the case.

○ **HEALTH, SAFETY AND ENVIRONMENT**

HEALTH:

The health issue is also taken into account in an important way at Melecs Group. For this reason, we provide a comprehensive and effective safety and quality management system.

SAFETY:

Safety is defined in the Melecs Safety Policy and states the following:

We obligate ourselves to:

- collect and check expectations and requirements for the safety of our stakeholders, especially customers, the society, the legislator and the suppliers.
- provide an excellent safety performance to set-up and maintain a long lasting relationship with our stakeholders.
- incorporate and maintain goals and processes of a safety management system in the integrated management system
- set-up and maintain a process-oriented safety life-cycle with clearly defined functions which hold stipulated responsibilities and tasks.
- educate and train our employees in functional safety accordingly.
- ensure, based on a comprehensive and effective safety and quality management system, that our products meet all relevant safety requirements and the existing national regulatory requirements.
- furthermore, we use information collected in the field, internal experiences and evaluations as well as best practice knowledge in our business area, in order to continuously develop our process regarding functional safety.

ENVIRONMENT:

The environmental issue is an important issue for the Melecs Group.

Everyone in the Melecs Group is committed to complying with all applicable environmental laws and all corporate standards in order to avoid harmful environmental impacts.

The aim is to sustainably protect and improve the environment and climate with these measures with a view to complying with the following CSR/Sustainability requirements:

- ✓ Green House Gas emissions, energy efficiency and renewable energies
- ✓ Water quality and consumption
- ✓ Air quality
- ✓ Sustainable resource management and waste reduction
- ✓ Responsible chemicals management
- ✓ Sustainability requirements for own suppliers

All activities concerning sustainability, environment and social engagement are summarized in the yearly launched Melecs CSR-Report.

○ **RELATIONSHIP WITH THE COMMUNITY**

The Melecs Group is actively involved in the places where its employees work and live, and supports initiatives in the regions close to it. This is done mainly through donations, sponsorships or the organization of activities that involve employees with their communities. Initiatives exceeding the amount of 2.000 USD per fiscal year in the aggregate per site need to get approved by the management board of Melecs.

○ **SUPPLY CHAIN**

Melecs is committed to communicate the Supplier Code of Conduct to its supply chain in its Melecs Supplier Manual, ensuring the following two key actions:

- a) Promote the content of Melecs Code of Conduct towards its suppliers.
- b) Observe the principles of non-discrimination when selecting and working with suppliers.

○ **SUPPLIER CODE OF CONDUCT**

The Supplier Code of Conduct defines the principles and requirements of the Melecs Group to be followed by its suppliers of goods and services in respect of their responsibility for individuals and the environment. Melecs reserves the right to change the requirements of this Code of Conduct in the case of moderate changes of the Melecs Compliance Program. In such case, Melecs expects its suppliers to accept these moderate changes.

○ **SUPPLIER QUALITY REQUIREMENTS**

Melecs' suppliers have to offer high quality products at competitive prices as well as annual price reductions achieved by volume increase and learning effects. Continuous, proactive measures for price reductions should be taken. The goal is to break down costs in its elements to make possible improvements in certain areas and cost components visible.

○ **CONFIDENTIALITY AND INTELLECTUAL PROPERTY**

Melecs Group considers that it is the responsibility and obligation of all collaborators at all times, not to disclose or make use of the company's confidential information, as well as any document that is considered intellectual property of the company. This includes business information that cannot be publicly accessed, but which is known to the company's employees due to the nature of their jobs. If this information is known to the competition, it could represent a risk either towards the financial results and the commercial direction of the company, or the personal integrity of the employees and partners themselves.

○ **DATA SECURITY**

For the Melecs Group the protection of company confidential information is very important. Details are defined in the Policy "Protection of company confidential information". This policy manages the guidelines of firm confidential information. These are all information that must be secured with interest toward the company and as such, may only be handled by a selected group of users.

Another important issue is the data security between business partners (customers, suppliers and so on). This topic is defined in the Policy "Collaboration and Data Communication with business partners". This policy summarizes the rules that must be observed while working with business partners and if Melecs internal information is shared or disclosed.

○ **REPORTING OF UNACCEPTABLE BEHAVIOUR**

see Melecs Whistleblower-Policy:

If there is a reasonable suspicion of a violation against integrity the Melecs employee is required to inform a managing director of the site. This information can be pointed out either anonymously or in person. The managing director is bound to communicate the suspected case to his managing director colleagues, to investigate respectively let the suspected case be investigated.

Melecs EWS Management Board



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