

Code of Conduct for SCHMID Group Suppliers

The SCHMID Group is fully aware of its responsibility towards its customers and employees, and therefore adheres to established rules that are implemented and complied with in all business transactions.

For this reason, we have developed the following Code of Conduct for our suppliers, which comprises the standards that we expect to see in our business relations. The objective of this Code of Conduct is to forward the values that we pursue to all of our business partners, to ensure that all activities are conducted on the same ethical grounds. It is our policy to comply with all relevant laws and regulations of the various countries in which we operate, and to carry out our business activities in an according honest and ethical manner.

The principles that are described in the following paragraphs set standards to ensure that working conditions in our supply chain are safe and appropriate, putting particular emphasis on respect for human rights, environmental precautions, and the safety of operations. All principles found in this Code of Conduct are based on the principles of the United Nations Global Compact and the United Nations Universal Declaration of Human Rights. We devised this Code of Conduct following the internationally recognized concept of sustainability, striving to achieve the goal of economic growth, without harming our planet and securing an improved quality of life for future generations.

Ethics and conduct in the business environment

Suppliers are expected to comply with all applicable laws, rules and regulations and to take appropriate measures to ensure compliance with such laws, rules and regulations.

Corruption and bribery

Suppliers are expected not to tolerate corruption under any circumstances. Suppliers shall comply with national and international anti-corruption and bribery laws. Suppliers shall ensure that their employees, subcontractors or representatives do not offer or grant any services or benefits to SCHMID Group employees in order to obtain preferential treatment in business dealings.

Invitations and gifts

It is expected that suppliers do not abuse invitations and gifts as a means of securing a form of influence. The exchange of gifts and courtesies can be acceptable under certain conditions, such as when local business customs and a low financial value allow it but should never be perceived as necessary for business transactions.

Avoiding conflicts of interest

Conflicts of interests may occur when personal interests of an employee compete with those of the company. It is expected that suppliers make business decisions based on objective criteria to prevent conflicts of interests.

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Money laundering

It is expected that suppliers comply with the legal obligations concerning money laundering and do not take part in any such activities.

Intellectual property

It is expected that suppliers respect intellectual property rights. Intellectual property is a valuable asset for any business and should thus be treated appropriately and safely. The transfer of information and know-how is to be done in a manner that protects these rights.

Fair competition

It is expected that suppliers compete in a fair manner. Suppliers are to comply with the applicable antitrust laws and not enter into agreements with competitors to gain an advantageous or dominant position in the market.

Data protection

It is expected that suppliers handle data and information in an appropriate and conscientious manner. The confidential use of information should always be ensured and guaranteed in order to protect the privacy rights of the company, the employees and the customers. It is expected that suppliers comply and adhere to all relevant data protection laws and regulations.

Employee and human rights

Suppliers are expected to commit to the principles of the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the core labor standards of the International Labor Organization (ILO).

Child labor

It is expected that suppliers prevent and prohibit any child labor in the supply chain. Business partners of the SCHMID Group therefore shall consider national laws and international regulations.

Forced labor

Suppliers are expected not to allow or participate in forced labor or human trafficking in their companies and throughout their supply chain. All work must be voluntary and employees should be allowed to leave or quit work at any time.

Working hours and remuneration

Suppliers are expected to comply with the applicable national legislation on working hours. Furthermore, it is expected that employees receive remuneration that is consistent with the applicable national law. Suppliers are expected to provide fair compensation to their employees that

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is, at a minimum, in compliance with applicable national laws and allows employees and their families to achieve a reasonable standard of living.

Discrimination

It is expected that suppliers promote equal opportunities and treatment in their corporate policies. Discrimination and any other type of unequal treatment is to be prevented and prohibited. Such behavior typically refers to characteristics such as gender, age, national origin, race, sexual orientation, disabilities, religious affiliation, social origin or belief. It is thus expected that supplier employees are not harassed in any way on these grounds, but instead are able to enjoy an inclusive and diverse working environment.

Respectful treatment

Suppliers are expected to treat their employees with respect and fairness. Harassment of a sexual, psychological or physical nature as well as intimidation and bullying shall be prevented to ensure a healthy and supportive work environment. The right to freedom of expression and the privacy of employees must be respected. Employees are expected to be given the opportunity to confidentially report potential compliance violations.

Freedom of association

It is expected that suppliers commit to an open and constructive dialogue with their employees and act in accordance with local and national laws respecting the right of employees to unite and engage in collective actions. Furthermore, it is expected that employees who engage themselves in such activities do not suffer disadvantages in any way.

Health and safety

Employee security

It is expected that suppliers aspire to comply with health and safety regulations to the best of their ability. Suppliers should establish adequate control and safeguarding practices to mitigate or minimize safety risks in the workplace. It is therefore expected that suppliers provide the appropriate protective clothing for their employees as well as the appropriate safety training.

Emergency preparedness

Suppliers are expected to identify and evaluate potential emergency situations ahead of time. Consequences of such situations are to be minimized and prevented by emergency plans and policies.

Industrial hygiene

Suppliers are expected to control and evaluate employee exposure to chemical, biological and physical agents. If these risks cannot be adequately controlled by such preventative measures,

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employees' health may be jeopardized and threatened. It is therefore expected that the appropriate protective equipment is available in such cases.

Environment

Emissions and waste products

Suppliers are expected to comply with applicable energy and environmental laws and standards and to ensure safety in the handling, transportation, storage and recycling of emissions and waste. Gas emissions and waste products can have a negative impact on the environment and therefore harm people. In this context, suppliers are expected to establish an appropriate energy and environmental management system to minimize environmental impacts and hazards and improve environmental protection in daily business operations.

Sustainability

It is expected that suppliers consciously use and conserve natural resources. Hazards and other negative effects on the environment should be minimized if not completely eliminated. Suppliers should be committed to the development and deployment of environmentally friendly products and methods. It is also expected that suppliers respect and implement the applicable environmental laws and standards.

Products

Materials and origin

Suppliers are expected to always check their products to determine whether they are subject to prohibitions, restrictions, information obligations and/or approval requirements in the international movement of goods (e.g. EC Dual-Use Regulation, US re-export regulations, EC Reach Regulation, EC ROHs Regulation, Dodd-Frank Act, Section 1504 conflict materials, etc.). In this case, quotations, order confirmations and all documents accompanying the goods shall be clearly marked with traceable information. The supplier shall be liable for any damage (including fines or additional levies, etc.) incurred by Schmid as a result of non-compliance with these obligations.