



Supplier Policy

1. Preamble

SAR Elektronic GmbH is committed to environmentally and socially responsible corporate governance. We expect the same conduct from all our suppliers. We also require our employees to adhere to the principles of environmental, social, and ethical conduct and to integrate them into our corporate culture. Furthermore, we strive to continuously optimize our business practices and our products [or services] in the spirit of sustainability and call on our suppliers to contribute to this through a holistic approach.

For future cooperation, the contracting parties agree to the application of the following provisions for a joint Code of Conduct. This agreement serves as the basis for all future deliveries. The contracting parties undertake to comply with the principles and requirements of the Code of Conduct. Suppliers are required to contractually oblige their subcontractors to comply with the standards and regulations set forth in this document. This agreement enters into force upon signature. A violation of this Code of Conduct may constitute grounds for the company to terminate the business relationship, including all associated supply contracts.

The Code of Conduct is based on national laws and regulations as well as international agreements such as the United Nations Universal Declaration of Human Rights, the Guidelines on Children's Rights and Business, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's international labor standards, and the United Nations Global Compact. We expect our suppliers to comply with all relevant laws and regulations as well as the requirements of applicable standards.

2. Requirements for Suppliers

2.1. Social Responsibility

2.1.1. Prohibition of Forced Labor and Human Trafficking

Forced labor, slave labor, human trafficking, or any comparable form of labor must not be used. As part of ethical recruitment, all work must be voluntary, and employees must be able to terminate their employment or the employment relationship at any time. Suppliers must not confiscate or withhold employees' identification documents, work permits, entry or travel documents, or passports. Likewise, employees' freedom of movement must not be unreasonably restricted.

All contractual terms, including working conditions, must be provided to employees in a language they can understand. There must be no financial penalties for actual or alleged breach of contract. Employees' identification and travel documents must be properly verified without being retained.

Suppliers must ensure that workers can file complaints regarding actual or suspected cases of forced labor or human trafficking. To this end, clear and easily accessible reporting channels and/or a transparent complaint process must be provided. Workers may file complaints both openly and anonymously without fear of reprisal. Any form of unacceptable treatment of workers, such as psychological abuse, sexual harassment, or personal harassment, is prohibited. Furthermore, employees and contractors are strictly prohibited from purchasing sexual services during the term of the contract.

2.1.2. Prohibition of Child Labor

Child labor must not be used at any stage of production. Suppliers are required to comply with the recommendations set forth in the ILO Conventions regarding the minimum age for the employment of children. Accordingly, the minimum age must not be lower than the age at which compulsory education ends and, in any case, must not be under 15 years.

Employees must also have the opportunity to file complaints regarding child labor. Suppliers must establish appropriate reporting channels and/or a structured complaint process through which reports – including anonymous ones upon request – can be submitted securely and without risk to the person filing the report.

2.1.3. Fair Compensation

The compensation paid to workers must comply with all applicable laws regarding compensation, including, for example, laws on minimum wage and overtime. If the statutory minimum wage is insufficient to cover the cost of living, the business partner is obligated to pay a wage that covers basic needs. Wage deductions as punitive measures are not permitted. The basis on which workers are compensated is communicated to employees on an ongoing basis via a pay stub.

Furthermore, the business partner ensures that there is a clearly defined and regular pay schedule that is communicated transparently. In addition, employees must be provided with company addresses or contact points that offer concrete benefits, such as for counseling services, support services, or inquiries regarding the wage and benefits structure.

2.1.4. Fair Working Hours

Working hours must comply with applicable laws or industry standards. Overtime is permitted only if it is worked on a voluntary basis and does not exceed 12 hours per week, and employees must be granted at least one day off after six consecutive working days. The weekly working hours must not regularly exceed 48 hours.

2.1.5. Freedom of Association

The supplier respects the right of workers to freedom of association, to join trade unions, to consult with worker representatives, or to serve on works councils in accordance with applicable local laws. Workers must be able to communicate openly with management without fear of reprisal or harassment.

2.1.6. Prohibition of Discrimination

Discrimination against employees in any form is prohibited. This applies, for example, to discrimination based on gender, race, caste, skin color, disability, political beliefs, origin, religion, age, pregnancy, or sexual orientation. The personal dignity, privacy, and personal rights of every individual are respected.

2.1.7. Health and Safety at Work

The supplier is responsible for ensuring a safe and healthy work environment. By establishing and implementing appropriate occupational safety systems, necessary preventive measures are taken against accidents and health hazards that may arise in connection with the work. In addition, employees are regularly informed about and trained in applicable health and safety standards and measures. Employees are provided with access to drinking water in sufficient quantities as well as access to clean sanitary facilities.

2.1.8. Use of Private or Public Security Forces

The use of security forces must be aimed at safeguarding the rights and dignity of all persons involved. Security services must neither use force nor infringe upon the rights of employees or other persons.

2.1.9. Grievance Mechanisms

The supplier is responsible at the operational level for establishing an effective grievance mechanism for individuals and communities that may be affected by adverse impacts.

2.1.10. Handling of Conflict Minerals

For the conflict minerals tin, tungsten, tantalum, and gold, as well as for other raw materials such as cobalt, the company establishes processes in accordance with the guidelines of the Organization for Economic Cooperation and Development (OECD) to fulfill its due diligence obligations for promoting responsible supply chains for minerals from conflict-affected and high-risk areas, and expects the same from its suppliers. Smelters and refiners without adequate, audited due diligence processes should be avoided.

2.1.11. Financial Responsibility

Suppliers are required to fulfill their financial obligations properly and on time. This includes the payment of taxes, duties, and salaries, as well as the responsible management of financial resources to ensure long-term business stability.

2.1.12. Export Controls and Economic Sanctions

Suppliers are required to comply with all applicable export controls and economic sanctions. Trade with sanctioned countries, companies, or individuals is prohibited. Violations of legal regulations will not be tolerated.

2.2. Environmental Responsibility

2.2.1. Treatment and Discharge of Industrial Wastewater

Wastewater from operational activities, manufacturing processes, and sanitary facilities must be classified, monitored, tested, and, if necessary, treated prior to discharge or disposal. In addition, measures should be implemented to reduce the generation of wastewater.

2.2.2. Management of Air Emissions

General emissions from operational processes (air and noise emissions) as well as greenhouse gas emissions must be classified, routinely monitored, reviewed, and treated as necessary prior to their release. The supplier is also responsible for monitoring its exhaust gas treatment systems and is required to find cost-effective solutions to minimize all emissions.

2.2.3. Waste Management and Hazardous Substances/Chemical Management

The supplier follows a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste. Chemicals or other materials that pose a hazard if released into the environment must be identified and handled in such a way that safety is ensured during the handling, transport, storage, use, recycling, or reuse of these substances, as well as during their disposal.

2.2.4. Reduce the consumption of raw materials and natural resources

The use and consumption of resources during production, as well as the generation of waste of any kind – including water and energy – must be reduced or avoided. This is achieved either directly at the source or through processes and measures, such as modifying production and maintenance processes or company procedures, using alternative materials, implementing cost-saving measures, recycling, or reusing materials.

2.2.5. Energy Consumption and Efficiency

Energy consumption must be monitored and documented. Cost-effective solutions must be identified to improve energy efficiency and minimize energy consumption.

2.2.6. Approach to Animal Welfare, Biodiversity, Land Use, and Deforestation

The protection of animals, biodiversity, and valuable ecosystems is a central component of our requirements. Our suppliers must guarantee that there is no impairment of soil quality. Through responsible planning, we ensure sensible land use without additional deforestation. In this way, we also contribute to animal welfare and the preservation of biodiversity.

2.2.7. Land, Forest, and Water Rights, and Prohibition of Forced Eviction

All activities (including the production and processing of raw materials) shall protect natural ecosystems and prevent the alteration, deforestation, and damage of forests. This shall be achieved through the identification and management of natural forests and other natural ecosystems. Furthermore, no unlawful evictions from land, forests, or water bodies shall be carried out, whether in connection with acquisition, development, or other use.

2.3. Ethical Business Conduct

2.3.1. Fair Competition

Standards of fair business conduct, fair advertising, and fair competition must be observed. In addition, applicable antitrust laws must be followed, which prohibit, in particular, agreements and other activities with competitors that influence prices or terms and conditions. Furthermore, these regulations prohibit agreements between customers and suppliers that are intended to restrict customers' freedom to autonomously determine their prices and other terms and conditions when reselling.

2.3.2. Confidentiality/Data Protection

The Supplier agrees to meet the reasonable expectations of its client, suppliers, customers, consumers, and employees regarding the protection of personal information. When collecting, storing, processing, transmitting, and disclosing personal information, the Supplier must comply with data protection and information security laws and applicable regulatory requirements.

2.3.3. Intellectual Property

Intellectual property rights must be respected; the transfer of technology and know-how must be conducted in such a way that intellectual property rights and customer information are protected. Suppliers agree to respect the patents, trademarks, designs, and copyrights of SAR Elektronik GmbH and third parties and to protect them from misuse.

2.3.4. Counterfeit Goods

Suppliers must guarantee that no counterfeit goods are produced or distributed. All products supplied must be genuine and comply with legal and quality requirements.

2.3.5. Integrity/Bribery, Acceptance of Benefits

All business activities must be conducted in accordance with the highest standards of integrity. The supplier must maintain a zero-tolerance policy regarding all forms of bribery, corruption, extortion, and embezzlement. Procedures for monitoring and enforcing these standards must be implemented to ensure compliance with anti-corruption laws.

2.3.6. Conflicts of Interest

Suppliers must notify SAR of any situation that could lead to a conflict of interest, such as when SAR employees receive professional, personal, and/or significant financial benefits or hold an ownership interest in a supplier's company.

2.3.7. "Whistleblowing" and Protection Against Retaliation

The supplier agrees to protect "whistleblowers" from dismissal, harassment, or other forms of retaliation.

2.3.8. Sustainability Policies of Subcontractor

The supplier agrees to provide its suppliers with the applicable sustainability policy guidelines in a supplier policy document.

2.3.9. Disclosure of Information

All relevant information regarding the environment, working conditions, safety, and business practices must be disclosed in a transparent manner. SAR Elektronik GmbH expects complete and accurate information that complies with legal requirements.

3. Implementation of Requirements

We expect our suppliers to identify risks within their supply chains and take appropriate measures. In the event of suspected violations, and to safeguard supply chains with increased risks, the company requires disclosure of the supply chains.

The company verifies compliance with the standards and regulations listed in this document using a self-assessment questionnaire and sustainability audits at suppliers' production sites.

The company reserves the right to take appropriate measures against suppliers who do not meet these requirements, which may ultimately lead to the suspension or termination of a supplier relationship.

4. Supplier Acknowledgment and Consent

By signing this document, the supplier undertakes to act responsibly and to comply with the principles and requirements set forth herein. The supplier confirms that it will effectively communicate the contents of this Code to its employees, agents, subcontractors, and suppliers, and assures that all necessary measures will be properly implemented.