



CODE OF CONDUCT



**Code of Conduct
for Sustainable Supply Chains**

1. Introduction – Preamble

Brugger GmbH has been an environmentally responsible company for many years and attaches particular importance to a partnership-based approach both within the company and with suppliers and customers. Dealing with the supply chain has not only been an issue for us since the introduction of the Supply Chain Act. Due to the procurement not only of raw magnets from China but also material from all over the world, we have decided to examine our supply chains more closely. Procurement is thus subject to a certain level of security. We are working on breaking down the UN sustainability goals relevant to us to our company and the stakeholders involved in the company's business activities and applying them accordingly.

Brugger GmbH is committed to ecologically and socially responsible corporate governance. We expect the same behavior from all our suppliers. We also expect our employees to observe the principles of ecological, social and ethical behavior and to integrate them into the corporate culture. Furthermore, we strive to continuously optimize our business activities and our products in terms of sustainability and ask our suppliers to contribute to this in the sense of a holistic approach.

This „Code of Conduct for Sustainable Supply Chains“ (in the following: the „Code“) represents the foundation for any cooperation and collaboration of BRUGGER GmbH with supply chain stakeholders. BRUGGER GmbH is committed to the principle of sustainable supply chains and takes its social and environmental responsibility very seriously. BRUGGER GmbH ensures non-discrimination, freedom of association and collective bargaining. They exclusively employ voluntary staff and reject child labor. In this Code, BRUGGER GmbH defines the requirements which are to be met by BRUGGER GmbH itself and by all stakeholders of the entire all-over-the-world-based supply chain, including service providers, but especially concerning suppliers.

Regarding suppliers it is expected that these requirements are met by all direct and indirect suppliers, and that all suppliers apply the same standards and fulfills the same implementation measures. This is also part of the contract between the relevant parties. All parties understand that safeguarding the social and environmental standards stipulated herein are the basis for successful and long-term cooperation.

The main international standards on human rights and working conditions form the basis of this Code, such as the United Nation's Universal Declaration of Human Rights, the conventions of the International Labor Organization (ILO) (especially ILO Convention 29 and 105), the UN Guiding Principles on Business and Human Rights, the National Action Plan for Business and Human Rights, and the Supply Chain Due Diligence Act (adopted on 11 June 2021 by the German Parliament). At the same time, the national and local laws and official regulations of the country of delivery are to be respected.

Any violation of this Code may provide BRUGGER GmbH with sufficient reason to terminate the business relationship at any given moment, including any subordinate agreements.

Mission statement and corporate policy

Here is Brugger's mission statement and corporate policy:

Management - Values - Community - Health

The Board of Directors and management staff run the company in accordance with a defined set of values. The health and personal development of our employees as well as responsibility for society are important to us.

Precision - Market - Processes

We wish to manufacture competitively priced products to a consistently high standard of quality using precise machinery, tools and test equipment in conjunction with a high level of employee expertise. This strengthens our market situation. We control and govern our procedures in defined, measurable processes that are therefore capable of improvement.



Partners - Customers - Employees and other stakeholders

As defined in the Sustainability Report, we view our stakeholders as partners on an equal footing. We respect and value our customers, employees, suppliers and all other stakeholders. We are committed to satisfying the requirements of our customers and we focus on selling them genuine solutions.

Innovation - CIP - principle of cost-effectiveness - Investments

Our ambition to innovate is driven in a large part by customers to whom we provide solutions based on joint development efforts. Continuous improvement plays a decisive role in all our processes.

We pay attention to cost-effectiveness and try to achieve 80% of a success from 20% of an effort (Pareto principle). We are also investing continuously improve our environmental performance.

Sustainability - Environment - Energy

We act sustainably and are committed to protecting the environment, involving our business partners and employees. We are committed to complying with all legal regulations that apply to us. We regularly inform our employees and our contractual partners as well as the public about our environmental activities through the environmental statement. We prevent environmental pollution and always pay attention to low energy consumption and use renewable resources. In doing so, we also check new acquisitions to achieve an economical use of energy and materials. We continuously improve our environmental performance.

Threats - Opportunities - Knowledge - Error culture

We consider and assess the risks affecting us in general risk assessments and case-specific risk evaluations. We seek to identify opportunities while weighing up the potential risks. We recognize knowledge as a valuable resource and „store“ it in various forms and media. We want to make a sustainable contribution to improving our products with an effective and efficient error culture.



2. Requirements for the supplier

2.1 Social responsibility

We expect our suppliers to adhere to the code of conduct of the international Business Social Compliance Initiative (BSCI) and to comply with the conventions of the International Labor Organization (ILO).

2.1.1. Forced Labor

BRUGGER GmbH follows a clear „zero tolerance to forced labor“ policy, and all stakeholders of the supply chain reject all use of forced and compulsory labor as well as all forms of modern slavery and human trafficking. No bonded labor or involuntary prison labor is tolerated. Employment relationships of BRUGGER GmbH and all partners and suppliers are entered into on a voluntary basis and may be terminated by employees at their own discretion and within a reasonable notice period.

BRUGGER GmbH thoroughly monitors the labor situation within the own operations and the whole supply chain and especially pays attention to the following indicators of forced labor: Not paying salaries, limited the employees' movements, holding back of passports or other documents, intimidation of the worker or people close to him/her, unacceptable working and living conditions, excessive overwork.

For ensuring the voluntariness of labor, BRUGGER GmbH undertakes dedicated efforts to ensure that the workforce of their stakeholders enters the work arrangement voluntarily. This includes a complaint mechanism open to all stakeholders and shielding potential complainants from any possible form of pressure. It also includes regular monitoring of the measures the stakeholders have in place to be able to guarantee the voluntariness of work and how the measures and the monitoring are extended to relevant sub-suppliers. All preventive actions taken and their effects as well as possible alternative actions will be documented in detail and to the extent that third persons can easily determine whether these measures are plausible. Legal basis: ILO 29, ILO 105, Supply Chain Due Diligence Act §2 (2) no. 3

2.1.2. Child Labor

The exploitation of children under the age of 15 and their employment (child labor) at the operations of BRUGGER GmbH and in the whole supply chain is prohibited. Should the national statutes impose a higher age, this shall apply. Young employees under 18 years of age should not work overtime or nightshifts. Legal basis: ILO 79, ILO 138, ILO 142, ILO 182, Supply Chain Due Diligence Act §2 (2) no. 2

2.1.3. Occupational Health and Safety

BRUGGER GmbH guarantees health and safety in the workplace for its own employees and expects the same for all employees of companies in the supply chain. This specifically refers to the work equipment, to working with chemical or biological substances, and to the safety requirements (especially regarding fire incidents) of the factory premises. Rules and procedures to ensure health and safety are to be introduced and communicated to the employees for preventing accidents and injuries during work. All applicable provisions relating to occupational health and safety are to be complied with. Furthermore, a process enabling the continuous reduction of work-related health hazards and improvement of occupational health, safety and fire safety is to be established and maintained. Legal basis: ILO 155, ILO 164, Supply Chain Due Diligence Act §2 (2) no. 5

2.1.4. Working Hours

Working hours at BRUGGER GmbH and its supply chain stakeholders shall be in line with the current, national statutes and industry standards, of which the strictest regulations shall apply. Overtime must be worked on a voluntary basis and may not exceed the limit set by statutory requirements. Every employee shall have the right to at least one free day after six successive working days. Sufficient breaks shall be arranged so that the accidents at work resulting from physical and mental fatigue can be prevented.

Legal basis: ILO 1, ILO 14

2.1.5. Remuneration

The remuneration for regular work hours and overtime should correspond at the very least to the legally guaranteed minimum. Unauthorized deductions in remuneration as well as deductions in remuneration as a disciplinary measure are forbidden.

Legal basis: ILO 26, ILO 131, Supply Chain Due Diligence Act §2 (2) no. 8

2. Requirements for the supplier

2.1.6. Freedom of Association and the right to collective negotiations

BRUGGER GmbH and its stakeholders of the supply chain respect the right of the employees to establish organizations of their choice, to join them and to conduct collective negotiations. In situations where the rights to freedom of association and collective negotiations are limited by law, other opportunities must be granted for the independent and free union of the employees for collective negotiation.

Workers' representatives are to be protected against discrimination and need be granted free access to the workplaces of their colleagues to being able to exercise their rights in a legal and peaceful manner.

Legal basis: ILO 87, ILO 98, ILO 135, ILO 154, Supply Chain Due Diligence Act §2 (2) no. 6

2.1.7. Discrimination

BRUGGER GmbH ensures that its employees and those of its supply chain stakeholders of the country of delivery have the right to equal treatment and the same opportunities. Any discrimination on the grounds of gender, age, religion, philosophy, social background, health status, disability, ethnic and national origin, nationality, membership of employee organizations including unions, political ethos, sexual orientation, or due to any other personal characteristics, for example with regards to employment, wages, access to further training, promotion, ending of the employment relationship or retirement, shall be prohibited.

Legal basis: ILO 110, ILO 111, ILO 159, Supply Chain Due Diligence Act §2 (2) no. 7

2.2. Ecological responsibility

Brugger has been EMAS-validated since 2007 and thus maintains an environmental management system that complies with other legal requirements in addition to the environmental topics of ISO 14001. We expect our suppliers to maintain either an ISO 14001 or EMAS environmental system.

2.2.1. Environment

The employees of BRUGGER GmbH and its stakeholders along the entire supply chain in the country of delivery are expected not to practice or tolerate any form of corruption, extortion, or embezzlement. They do not offer or accept bribes or other unlawful incentives to/from their business partners. Measures for implementing these principles are in place. BRUGGER GmbH and its relevant stakeholders will safeguard and make only appropriate use of confidential information and ensure that all employees' and business partners' privacy and valid intellectual property rights are protected.

Fair and free competition is respected and BRUGGER GmbH and all relevant stakeholders need to comply with the applicable competition and antitrust regulations, especially not entering in anti-competition arrangements with third parties, abusing a dominant market position or exchanging of competitively sensitive information.

2.3. Ethical Business Conduct

We expect our suppliers to comply with the BSCI code of conduct

2.3.1. Ethical behavior

The employees of BRUGGER GmbH and its stakeholders along the entire supply chain in the country of delivery are expected not to practice or tolerate any form of corruption, extortion, or embezzlement. They do not offer or accept bribes or other unlawful incentives to/from their business partners. Measures for implementing these principles are in place. BRUGGER GmbH and its relevant stakeholders will safeguard and make only appropriate use of confidential information and ensure that all employees' and business partners' privacy and valid intellectual property rights are protected.

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3. Implementation

All of the above needs to be adhered to by BRUGGER GmbH and accepted by the management of the relevant stakeholders, needs to be integrated into their company policy, and all employees are to be informed of the content of this Code and regularly be trained to ensure compliance with these requirements.

A comprehensive and reasonable risk management shall be in place in the entire supply chain, and it is expected that risks are identified and adequate measures are taken. Measures include trainings of employees, regular on-site audits by independent and credible auditors and (announced and unannounced) inspections. A responsible person for implementation of this Code is to be appointed. Complaint mechanisms for employees need to be established and accessibility by all employees needs to be ensured. An effective complaint mechanism is open to anybody informed about violations of the standards enshrined in this CoC. The complaint mechanism must exclude reprisals against the complainant. BRUGGER GmbH ensures that an effective mechanism to remedy violations and to mitigate risks is integrated into its management procedures. Misconduct must be identified, processed and remedied immediately.

4. Acknowledgment and consent of the supplier

The requirements are expected to be integrated in day-to-day business. BRUGGER GmbH and relevant stakeholders shall keep adequate records to substantiate compliance with this Code and applicable national and international statutes. All stakeholders shall agree that BRUGGER GmbH regularly verifies compliance with this Code.

I hereby confirm that I have read and accepted this Code of Conduct of Brugger GmbH. Furthermore, I undertake to implement the requirements stated in the Code of Conduct.

Place, Date

Name, Position

Signature, Company Stamp