

# **Mycronic Group Distributor Code of Conduct**

## **Introduction**

This Distributor Code of Conduct (DCoC) outlines the minimum ethical standards and expectations Mycronic AB and its group companies ("Mycronic") require its Distributors (as defined below) to comply with when doing business with Mycronic in terms of employment and labor practices, workplace practices, ethical business practices and environmental management practices in addition to ensure compliance with laws and regulations governing their activities. These principles are based on the Ten Principles of the UN Global Compact. These standards apply to all Distributors of goods and services from Mycronic, irrespective of where the company is based. This DCoC forms an integral part of all contracts between the Distributor and Mycronic. Mycronic reserves the right to terminate business relationships with Distributors who fail to comply with these standards.

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## 1. Definitions

A "Distributor" is any person or legal entity which distributes Mycronic's products or services as Resellers. In addition to Distributors who have a direct contractual relationship with Mycronic, this definition also includes the Distributor's sub-representatives.

"Mycronic Representatives" include the company's employees and legal representatives.

## 2. Laws and Regulations

The Distributor is expected to operate in full compliance with applicable national, government and/or local laws, regulations and guidelines of the countries in which it operates and that are applicable to the Distributor's business operations. In addition, the Distributor shall fulfil its legal obligations with respect to applicable agreements, understandings or any other binding obligation. This DCoC goes further and sets out Mycronic's standards, in order to advance ethical, social and environmental responsibilities.

## 3. Management Systems

The Distributor shall have appropriate management systems in place to enable adherence to this DCoC or its own equivalent code of conduct, whichever is stricter, as well as all other relevant and applicable laws and regulations. The functioning and quality of the management system shall be in proportion to the size, complexity and risk environment of the Distributor's business. This means that, at a minimum:

- 3.1 the Distributor shall adopt a systematic approach to the assessment, mitigation and management of risks related to human and labor rights, occupational health and safety, responsible business and environmental impact (hereafter referred to as "Code of Conduct Issues"),
- 3.2 the Distributor shall adopt measurable performance targets in relation to Code of Conduct Issues and define related actions to reach these targets with a view to ensure continuous performance improvement,
- 3.3 all applicable laws, regulations and contractual terms governing the Distributor's assignments shall be duly applied and communicated, with sufficient training provided to relevant employees and business partners,
- 3.4 the Distributor shall have systems in place to enable the reporting of Code of Conduct Issues-related grievances (e.g. a whistle-blowing system),
- 3.5 the Distributor shall, where applicable, duly ensure and monitor that its sub-representatives comply with this DCoC or their own equivalent code of conduct. The Distributor is liable for the compliance of its sub-representatives as for its own work.

## 4. Human and Labor Rights

These principles shall apply to all recruitment and employment practices such as applications for employment, promotion, access to training, job assignments, wages, benefits, rewards, transfers and redundancies.

### 4.1 Human Rights

The Distributor is required:

- 4.1.1 to respect human rights and not be complicit in human rights violations within its sphere of influence,
- 4.1.2 to duly map its human rights impacts whenever the need for such action is agreed,
- 4.1.3 to have in place adequate remedial mechanisms in case of any human rights violations.

## 4.2 Basic Workers' Rights

The Distributor is required:

- 4.2.1 to ensure that no person who is below the minimum legal age for employment shall be employed or engaged. Minimum age is the age of completion of compulsory schooling, or not less than 15 years, or not under the minimum age for employment in the country, whichever is greatest. Employees under the age of 18 shall not perform night shifts, overtime and alike which is likely to jeopardize their health or safety,
- 4.2.2 to fully recognize employees' freedom of association and right to bargain collectively. Representatives for trade unions shall not be subject to any discrimination,
- 4.2.3 not to use any kind of involuntary or forced labor and to prohibit mental and physical threats, slavery and human trafficking,
- 4.2.4 not to harass or discriminate against any employee, including grounds of age, culture, gender, ethnicity, disability, sexual identity or orientation, family status, country of birth, race or skin color or any other factor as established under applicable law,
- 4.2.5 to treat all employees fairly and respectfully and to provide a workplace free of harassment and abuse. Any form of harassment, corporate punishment, bullying, physical, mental, sexual or verbal abuse or other cruel or abusive disciplinary practices in the workplace are prohibited.

## 4.3 Wages and Working Hours

The Distributor is required:

- 4.3.1 to pay employees at least the minimum wage and applicable overtime wages defined by national laws or any applicable collective agreements,
- 4.3.2 to ensure that the terms of the employment and working hours shall be fair and reasonable and comply with applicable local law and collective agreements.

## 5. Occupational Health and Safety (OHS)

The Distributor is required:

- 5.1 to fulfill all applicable legal OHS requirements,
- 5.2 to have a policy that includes OHS regulation, and to assign responsibility for OHS issues within its organization,
- 5.3 to ensure that operational controls such as rules and procedures are in place and communicated to all employees,
- 5.4 to have emergency preparedness and response procedures in place,
- 5.5 to increase its employees' awareness of health and safety issues, including safety sheets and training relevant for the use of hazardous or toxic substances in the workplace, to enhance safety culture through open communications, and to ensure that its staff have received appropriate OHS training, including written health and safety information and warnings,
- 5.6 to measure and monitor its OHS performance and OHS hazards with the help of properly conducted workplace inspections and audits,
- 5.7 to report and investigate all health and safety incidents,
- 5.8 to provide workers with appropriate personal protective equipment,
- 5.9 to prohibit the illegal use or possession of alcohol, drugs and other controlled substances.

## 6. Environment

The Distributor is required:

- 6.1 to fulfill all environmental requirements defined in relevant laws, regulations and environmental permits,
- 6.2 to have a policy that includes environmental regulations and to assign responsibility for environmental issues within its organization,
- 6.3 to ensure that its employees have appropriate know-how and experience in relation to environmental issues, as well as resources to enable them to effectively meet their responsibilities,
- 6.4 to ensure that written instructions covering all processes with potential environmental impacts, such as the storage and handling of hazardous materials, are available and that the relevant information is communicated to all employees involved,
- 6.5 to proactively work to prevent emergencies and ensure the capacity to react appropriately to such events, by analyzing, identifying and adopting suitable preventive and corrective measures,
- 6.6 to handle environmental violations and complaints systematically and communicate them to employees and external stakeholders, including Mycronic if affected,
- 6.7 to have in place or establish a procedure for the identification, safe handling, storage, transportation, utilization and disposal of waste in accordance with the applicable legislation.

## 7. Responsible Business

Mycronic has a zero-tolerance policy towards any form of corruption and financial irregularity, for example bribery, facilitation payments, fraud, money laundering, extortion or embezzlement and requires that there are adequate procedures in place to prevent bribery in all commercial dealings undertaken by the Distributor. The Distributor is required to conduct its business in full compliance with Mycronic's Distributor Code of Conduct, or the Distributors own equivalent ethical rules, whichever are stricter. This means, among other things, that the Distributor is required and undertakes:

- 7.1 to conduct business in full compliance with all applicable antitrust and fair competition laws,
- 7.2 to prevent situations where there is a conflict of interest between the Distributor and Mycronic. Any conflict of interest in any business dealings with Mycronic, of which the Distributor is aware, shall be declared to Mycronic to allow Mycronic the opportunity to take appropriate action,
- 7.3 to act in compliance with applicable procurement laws, regulations and particular procurement contracts when entering into business relations with governmental agencies and their officials,
- 7.4 to act in compliance with applicable anti-corruption laws, by, among other things, refusing to receive or offer bribes, facilitation payments or anything of value for the purpose of obtaining or retaining business or any improper benefit or advantage, this includes cash or undeclared discounts, payments for advertising or other concealed price reductions or expenses,
- 7.5 that neither the Distributor, nor its directors, officers or employees, will violate any applicable anti-bribery laws or standards. Specifically, the Distributor agrees that it will not, directly or indirectly, pay, promise or offer to pay, accept or authorize the payment of any undue money or other advantage to a public official or representative of a state-owned enterprise, or to any person or entity in connection with any public business function or activity. In addition, no payment shall be made to anyone for any reason on behalf of or for the benefit of Mycronic which is not properly and accurately recorded in the Distributor's books and records, including amount, purpose and recipient, all of which shall be maintained with supporting documentation,
- 7.6 that all business and commercial dealings are transparently performed and accurately recorded in the Distributor's books and records and that there is no actual or attempted participation in

- money laundering,
- 7.7 that no confidential information in the Distributor's possession regarding Mycronic is used to either engage in or support insider trading,
  - 7.8 that Mycronic's Representatives shall pay for their own travel and accommodation costs when visiting the Distributor, conferences, reference plants etc.,
  - 7.9 that Mycronic's Representatives shall not be offered any gifts, hospitality or expenses that could be considered unreasonable or inappropriate with regard to possible business transactions. Courtesy gifts of low value shall be permitted, but the acceptance of any other gifts and other benefits (particularly cash), which are offered to employees or close relatives, are expressly prohibited,
  - 7.10 that to the best of its knowledge (reasonable enquiries having been conducted by the Distributor), at the date of entering into force of the DCoC, neither the Distributor, nor its directors, officers or employees, have directly or indirectly, paid, promised or offered to pay, authorized the payment of, or accepted any undue money or other advantage of any kind in connection to its business dealings with Mycronics.
  - 7.11 to act in compliance with all rules and regulations related to the safety and quality requirements of products and services, including rules defined by Mycronic,
  - 7.12 to transparently and accurately record and disclose details of its business activities, corporate structure, financial situation and performance in accordance with applicable laws and regulations,
  - 7.13 to ensure that it shall not authorize its subcontractors, agents or other third parties to request, agree to receive or accept a financial or other advantage where, in anticipation of or in consequence thereof, a relevant function or activity is or may be performed improperly,
  - 7.14 to ensure that it has taken and will continue to take reasonable measures to prevent its subcontractors, agents or any other third parties, subject to its control or determining influence, from engaging in any conduct that would contravene to the requirements set out under this section 7.

## 8. Customs and Trade Restrictions

The Distributor is required:

- 8.1 to conduct all transactions in accordance with applicable export control and customs laws and regulations. Distributor shall ensure that export or import of any Mycronic merchandise, samples, spares, replacement parts, or software, by shipment, mail, courier or other means, only are approved by employees designated to clear the import or export,
- 8.2 to conduct all business in compliance with laws, regulations and trade restrictions imposed by the sanctions authorities e.g. governments, international organizations (such as the United Nations) and supranational bodies (such as the European Union),
- 8.3 not to export any goods or provide services to any party or customer if the Distributor knows or has reason to believe that the Mycronic item will be used or retransferred in a manner contrary to applicable export control or trade sanction laws and regulations or if the party, or any other party to the transaction, is listed in connection with such trade sanctions program or other applicable list of proscribed individuals or entities.

## 9. Data Privacy

When obtaining and processing personal data, the Distributor must comply with all applicable laws and regulations on the processing of personal data and ensure an adequate level of data protection for both employees and customers.

## 10. Confidential and Competitor Information

The Distributor undertakes that all competitive information is obtained and used legitimately and in compliance with applicable laws and regulations. No attempt is made to divulge to Mycronic any information about its competitors. Likewise, Mycronic's confidential information must not be shared with any third party unless expressly permitted by Mycronic.

## 11. General Requirements

The Distributor is required:

- 11.1 to immediately report any non-compliance with this DCoC to Mycronic,  
  
Reports can be submitted confidentially and anonymously (where permitted by law) via Mycronic's whistleblowing system. For more information or to raise a concern, please see Mycronic Whistleblowing Policy or visit <https://report.whistleb.com/mycronic>.
- 11.2 to let any of its employees raise their concerns about any of the compliance requirements outlined in this DCoC and all workers who speak out about an issue shall be protected from retaliation. Further, workers are provided with transparent, fair and confidential procedures that result in swift, unbiased and fair resolution of difficulties which may arise as part of their working relationship,
- 11.3 to disclose information and data regarding issues covered by this DCoC at the request of Mycronic, unless this would conflict with its statutory obligations on disclosure of information,
- 11.4 to allow Mycronic, or any third party authorized by Mycronic and reasonably acceptable to the Distributor, to conduct in the presence of the Distributor an audit of the Distributor's operations relevant for this DCoC including the Distributor's facilities, and relevant extracts from books and records. At the Distributor's request, the parties involved in any such audit shall enter into a confidentiality agreement regarding the circumstances disclosed in the audit.

## 12. Enforcement

- 12.1 If Mycronic finds that the Distributor is not meeting the requirements and expectations set out in this DCoC, Mycronic will offer guidance specifying which issues need to be corrected or improved. The Distributor must then take corrective actions promptly as advised by Mycronic. Mycronic nevertheless reserves the right to cancel outstanding orders, suspend future orders or terminate the contract with the Distributors in case of a material breach of this DCoC.
- 12.2 Should the main contract between Mycronic and the Distributor, to which this DCoC forms an appendix, contain separate termination rules, it is nevertheless understood by both parties that breach of this DCoC may be considered a material breach of contract, thus entitling Mycronic to terminate the contract.
- 12.3 In the event that Mycronic terminates this DCoC as set out in this section 12, without prejudice to any charges owing or any other pre-existing liabilities, no member of the Distributor group shall be entitled to claim compensation or any further remuneration, regardless of any activities or agreements with additional third parties entered into before termination.

Herby \_\_\_\_\_ [Please fill in your company's name] agrees to at all times comply with the ethical standards and requirements outlined in Mycronic Distributor Code of Conduct.

Company name:  
Business ID number (if any):  
Place:  
Date:  
Title:  
Texted name:

\_\_\_\_\_  
Signature