

SUPPLIER CODE OF CONDUCT

April 2023



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FOREWORD

As one of the world's leading manufacturers of grinding, eroding, laser, and measuring machines as well as machine tools for additive manufacturing, UNITED GRINDING has a commitment to ensure that its operations conform to all applicable laws, regulations and ethical business standards, based on a culture of responsibility, integrity and sustainability. We are convinced that responsible business practices are intrinsically tied to our core values and principles as highlighted in our Code of Conduct and essentially contribute to our long-term success. Building on these values and principles, we are committed to source responsibly and intend to cooperate with our suppliers to continuously improve the way supply chains are managed.

UNITED GRINDING requires the same commitment from all its suppliers. We therefore expect our suppliers to conduct their business in compliance with applicable laws and regulations as well as internationally recognized standards and conventions on environmental, social and corporate governance. We expect our suppliers to identify their supply chain risks and to use their best efforts to implement the same standards with their suppliers and subcontractors and further cascade them through their own supply chain.

While this Supplier Code of Conduct sets out the minimum requirements that each supplier must apply within its own organization and direct sphere of influence and control when doing business with UNITED GRINDING, it is neither intended to be conclusive nor does it provide adequate guidance to every possible compliance scenario that may arise. Suppliers are expected to use good judgement, apply sound decision-making processes and raise questions and concerns as appropriate with:

- Corporate Purchasing; purchasing@grinding.ch or
- Corporate Legal & Compliance; grinding.integrityline.com

1. COMPLIANCE WITH LAWS

Suppliers must comply with all laws and regulations applicable to their business.

2. SOCIAL RESPONSIBILITIES

Suppliers are expected to conduct their business and operations, wherever they may be, in a way that integrally respects basic human rights. Individuals are to be treated with dignity, respect, transparency and fairness.

2.1 Human Rights

Suppliers must:

- support the protection of internationally proclaimed human rights;
- prevent any involvement in all forms of modern slavery, including human trafficking, forced or bonded labour;
- ensure that child labour is not used in the performance of work;
- protect young workers from performing work that is likely to be hazardous or that may be harmful to their health, physical, mental, social, spiritual, or moral development;
- provide a workplace free of harassment, intimidation and abusive conduct, harsh and inhumane treatment or other unlawful practices;
- not tolerate any discrimination on the basis of race, color, religion, gender, age, disability, sexual orientation, political preference or other personal characteristics; and generally
- foster a diverse and inclusive work environment.

Suppliers are expected to identify risks and actual adverse human rights impacts related to their activities, take appropriate steps to reduce risk, ensure their operations do not cause or contribute to human rights abuses and remedy any adverse impacts.

2.2 Employment Practices

Suppliers must:

- provide all employees with a written contract in a language they understand, clearly indicating their rights and responsibilities with regard to wages, working hours and other employment conditions;
- provide fair and competitive wages, at least in accordance with strictest of (i) applicable collective labor agreements (if any), (ii) local laws or (iii) the standards issued by the International Labour Organisation (ILO), thereby at the very least ensuring a living wage according to local conditions;
- respect the maximum working hours, the minimal rest time and the minimal leave time, as set out in applicable collective labor agreements (if any), local laws or ILO standards;
- uphold the freedom of association and the right to collective bargaining in accordance with applicable laws, thereby respecting the workers' right to communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference or reprisal; and
- respect the right of workers to terminate their employment after reasonable notice and to receive all owed salary.

2.3 Grievance mechanism

Suppliers are expected to enable employees and other stakeholders to report questions, concerns or potentially unlawful practices at the workplace.

3. INTEGRITY AND BUSINESS ETHICS

Suppliers are expected to compete on the merits of their products and services. Suppliers must therefore not engage in unjust practices to gain a competitive advantage and are expected to conduct their business and operations in a transparent, diligent and moral way, with integrity and business ethics being the basis of their relationship with UNITED GRINDING. Suppliers are expected to put in place and maintain appropriate compliance guidelines and programs tailored to their risks.

3.1 Anti-Bribery, Anti-Corruption and Illegitimate Payments

Suppliers must:

- comply with all applicable anti-bribery and anti-corruption laws and regulations;
- prohibit the offering, promising, making, accepting or agreeing on any improper or illegitimate payments, gifts, advantages or favors, whether direct or indirect, to public officials or representatives of customers, suppliers, their agents, or any related or affiliated persons that aim to influence business decisions or otherwise encourage them to act contrary to their obligations; this prohibition applies even in locations where such activity may not violate local law;
- apply appropriate processes to identify, prevent and prohibit any forms or attempts of money laundering and fraud; and
- not seek to gain an advantage of any kind by acting fraudulently, deceiving people, making false claims or allowing anyone else representing them to do so.

3.2 Competition and Antitrust

Suppliers must:

- comply with all applicable competition laws and regulations;
- not enter into formal or informal anti-competitive arrangements that fix prices, collude, rig bids, limit supply or allocate or control markets;

- not exchange current, recent, or future pricing information with competitors;
- must not participate in a cartel or any activity that would unlawfully restrain or impact competition; and
- not engage in insider trading, i.e. must not use any material or non-publicly disclosed information obtained in the course of their business relationship with UNITED GRINDING as the basis for trading or for enabling others to trade in the stock or securities of any company, whether directly nor indirectly.

3.3 Global Trade and Export Control

Suppliers must:

- comply with all applicable national and international trade laws and regulations, including but not limited to trade controls, export control and sanction and embargo laws and regulations in Switzerland, the EU, the US and any applicable national regulations in the countries of suppliers' operations; and
- provide accurate export control classification and information, obtain export control licenses and permits when required and communicate any declarations where necessary.

3.4 Information Protection

Suppliers must:

- comply with all applicable data privacy laws and regulations;
- ensure that all sensitive, confidential and proprietary information, including any such information from third parties, is appropriately protected against unauthorized access, destruction, use, modification and disclosure;
- respect intellectual property rights of UNITED GRINDING and third parties and protect them against misuse; and
- report to UNITED GRINDING any suspected or actual data breach, infringement of intellectual property rights or security incident as soon they are aware.

Suppliers are expected to develop, implement, and maintain effective methods and processes appropriate to their products to minimize the risk of counterfeit parts and materials being delivered. If counterfeit parts and/or materials are detected or suspected, suppliers are expected to provide immediate notification to UNITED GRINDING of such counterfeit parts and/or materials.

3.5 Conflict of Interest

Suppliers are expected to anticipate and avoid all conflicts of interest or situations giving the appearance of a conflict and to provide notification to all affected parties in the event that an actual or potential conflict arises. This includes a conflict between business interests and personal interests or those of close relatives, friends or associates.

4. ENVIRONMENT, HEALTH AND SAFETY

Suppliers are expected to conduct their business in a manner that actively manages risks across their operations, products and supply chain. Suppliers are expected to establish management systems, policies and procedures aimed at effectively reducing risks to health and safety and managing their environmental performance, including integrating safety and environmental considerations into their product design or service.

Suppliers must:

- comply with all applicable environmental, health and safety laws and regulations;
- ensure that their products and services meet all applicable safety and quality requirements and provide UNITED GRINDING with respective CE-Declarations (unless the latter is waived by UNITED GRINDING);
- communicate to UNITED GRINDING up to date information in regards to environmental, health and safety matters of their products to enable safe usage of the products in the whole life cycle; and
- effectively protect their employees, visitors, business partners, end-users, third parties and local communities against hazards to life, health and environment inherent in their processes and products.

Suppliers are furthermore expected to:

- promote and foster the safe and environmentally sound development, manufacturing, transport, use and disposal of products;
- use resources efficiently;
- reduce waste and emissions to air, water and soil;
- apply energy-efficient and environmentally friendly technologies; and more generally
- minimize negative impact on biodiversity, climate change and water scarcity wherever possible and economically reasonable.

5. SUBSTANCES AND MATERIALS

Suppliers must:

- comply with all legal provisions and directives regarding substances and materials, in particular REACH (Regulation (EC) No. 1907/2006), RoHS (Directive 2011/65/EU), CLP (Regulation (EU) No 1297/2014), the U.S. Toxic Substances Control Act and such other rules and regulations as may be set out in individual supply agreements;
- provide accurate and complete Safety Data Sheets and such other information and data as required by law or reasonably requested by UNITED GRINDING;
- declare towards UNITED GRINDING that all provisions and directives regarding substances and materials (including under national legislation) have been observed and complied with; and
- cooperate with UNITED GRINDING to enable downstream requirements in relation to suppliers' products and/or services to be fulfilled.

Suppliers are furthermore expected to:

- work towards eliminating, if technically feasible, any prohibited, restricted or controlled substances and minerals; and
- anticipate future regulatory constraints on substances in order to ensure continuity of supply.

6. CONFLICT MINERALS

Suppliers must:

- comply with all legal provisions and directives regarding conflict minerals, in particular EU Conflict Minerals Regulation (Regulation (EU) 2017/821) and Section 1502 of the Dodd-Frank Act
- establish a policy and a management system to reasonably assure that the "conflict minerals" as well as critical material, which may be contained in their products are sourced responsibly
- support efforts to eradicate the use of any conflict minerals which directly or indirectly finance or benefit armed groups;
- conduct due diligence and provide UNITED GRINDING with supporting data on their sources and supply chain of custody for these minerals when requested; and
- cooperate with UNITED GRINDING to enable downstream requirements in relation to suppliers' products and/or services to be fulfilled.

7. GOVERNANCE

7.1 Speak-up Culture

Suppliers are expected to provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including opportunities for anonymous reporting. Suppliers are furthermore expected to prevent, detect and correct retaliatory actions.

If you or your employees believe that the terms of this Supplier Code of Conduct are not adhered to, or that UNITED GRINDING is not acting in accordance with its own Code of Conduct, then we encourage you to raise your concerns via the UNITED GRINDING whistleblowing channel grinding.integrityline.com.

7.2 Non-Compliance

Any serious or willful non-compliance with the principles and requirements set out in this Supplier Code of Conduct may be regarded as a substantial impairment of the contractual relationship between the supplier and UNITED GRINDING. If we suspect that a supplier is not complying with the principles and requirements described herein, we reserve the right to request detailed information and justification about the pertaining circumstances. Furthermore, to verify suppliers' compliance, we reserve the right to audit and inspect the suppliers' operations and facilities, at our own cost and upon reasonable notice, with or without support of a third party. If the results of such an audit or inspection cause us to be of the opinion that a supplier does not comply with this Supplier Code of Conduct, it shall take necessary corrective actions in a timely manner, as directed by us.

In the event that a supplier demonstrably fails to comply with this Supplier Code of Conduct or fails to implement improvement measures within an appropriate period, UNITED GRINDING reserves the right to review the business relationship and terminate or pursue corrective actions as available under related procurement contract(s).

Bern, 1 April 2023

The management of the United Grinding Group AG



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