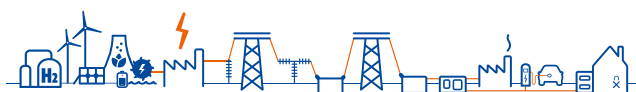


SUPPLIER CODE OF CONDUCT





FOREWORD

Dear Suppliers,

Over the years, the SGB-SMIT Group has grown to become the global transformer specialist from Europe. Our goal for the future is to uphold and further develop this position at a global scale. To support this, we have defined ethical values for a proper and compliant behavior within our group. We are committed to integrity and sustainability in all business activities always applying the highest ethical standards.

Customers from all over the world rely on our products and reputation. Each of our suppliers

plays an important role in our overall success and their behavior has a significant impact on the accountability and reputation of the SGB-SMIT Group.

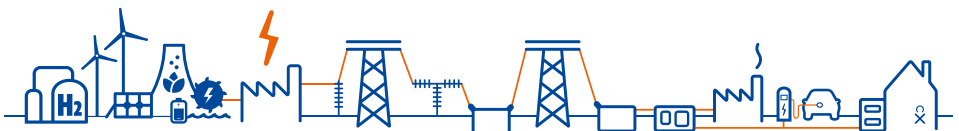
We expect from you as supplier to comply with all applicable laws, regulations, and contractual obligations towards us. This Supplier Code of Conduct defines the guidelines for contracting with the SGB-SMIT the right way, complying with all regulations applicable to its operations.

Regensburg, May 2023

Holger Ketterer
Group CEO

Dr. Heinrich Uekermann
Group CFO

Matthias Gradl
Group Supply Chain Manager





ESG



E environmental



S social



G governance



SCOPE OF APPLICATION

This "Supplier Code of Conduct" is applicable to all suppliers of the SGB-SMIT Group.

Our suppliers must ensure the fulfilment of the principles traced by this Supplier Code of Conduct across their supply chain as well as strict adherence to the Supplier Code of Conduct.

We require that all our suppliers adhere to the principles of this Supplier Code of Conduct. We

reserve the right to check compliance with this Code in all supplier audits. If any supplier does not fulfil the principles of this Supplier Code of Conduct, we may take actions, including an action plan with mitigating measures, the suspension or termination of our activities with this supplier.

The SGB-SMIT Group expects from you as supplier to comply with our guidelines classified in three main areas:

1. ENVIRONMENTAL GUIDELINES:

Take concrete environmental action.

2. SOCIAL GUIDELINES:

Respect human rights and provide good working conditions for employees.

3. CORPORATE GOVERNANCE GUIDELINES:

Comply with all applicable legal standards and apply business ethical standards.

ENVIRONMENTAL



ENVIRONMENTAL GUIDELINES

TAKE CARE OF THE ENVIRONMENT AND ACT SUSTAINABLY

We expect our suppliers to operate in an environmentally responsible and efficient way. You shall minimize adverse impacts on the environment and health of humans.

You shall comply with the laws and rules for environmental protection and must follow international conventions: Basel convention, Minamata convention and POPs convention.

SUSTAINABLE HANDLING OF RESOURCES

You must ensure a respectful use of natural resources and the environment.

You must comply with all laws and rules for environment protection. In countries where the local stipulations do not ensure an adequate level of protection, measures within reasonable limits must be achieved.

We encourage to align such measures with the European environmental goals and the global Sustainable Development Goals of the United Nations.

See our vision here:

www.sgb-smit.com/sgb-smit-group/sustainability



WATER AND AIR QUALITY

The quality of the natural resources water and air must be ensured responsibly. Pollution emissions must be reduced throughout the whole supply chain and sewage must be reduced, reused, or recycled. We follow the goal to decarbonize the supply chain of transformers.

Therefore, we expect from you to collect and forward your emission data according to the Greenhouse Gas Protocol (GHG) and the technical guidance for calculating Scope 3 Emissions (version 1.0) including Life Cycle Assessment (LCA) data of produced goods or services.

CHEMICAL MANAGEMENT AND GENERAL REDUCTION OF WASTE

Chemicals and hazardous waste must be carefully used and disposed. Chemicals which are hazardous to the health of humans, or the environment must continuously be monitored, listed and, if possible, replaced and communicated.

Waste must be kept as low as possible during developing, manufacturing, delivery, and recycling of the products. Concepts for reusing, recycling and environmentally friendly disposal must be developed and supported.

SOCIAL



SOCIAL GUIDELINES

TAKE RESPONSIBILITY FOR YOUR EMPLOYEES

As our supplier, you must provide a safe and healthy workplace to your employees. You must ensure fair and equal labor conditions for your employees, regardless of if they are migrant workers, temporary workers, students or contract workers and you have to follow applicable international conventions on human rights and worker's rights.

HUMAN RIGHTS

We expect you to respect and support human rights. You must take care for and respect the personal dignity, privacy and personal rights of each individual.

NO DISCRIMINATION OR HARASSMENT

Every Supplier is committed to provide a work environment free from any kind of harassment, including sexual harassment, whether direct or indirect, physical or psychological, verbal or non-verbal.

Every employee shall have the right to be free to enter or terminate its employment.

WORKERS' SAFETY

Suppliers must protect their employees and strictly adhere to any applicable local health & safety law and regulations. You must determine and eliminate potential risks immediately and implement regular and systematic health and safety controls. It is also mandatory to provide regular trainings to your employees.

SOCIAL EQUALITY AND FREEDOM OF ASSOCIATION

We set a high value on a fair, equal and respectful interaction with people. Everyone should have equal opportunities.

As our supplier, you shall not accept any kind of discrimination due to gender, religion, race, ethnic, age or sexual orientation. Respect the rights of all people as well as their social and cultural interests. Respect the right of all employees to form and join (or not join) a trade union, select their own representatives and to bargain collectively.

NO MODERN SLAVERY, CHILD LABOUR, FORCED LABOUR

You shall not participate in or benefit from any form of child labor, forced labor or any act of modern slavery.

As our supplier, you must comply with the ILO Convention on the rights of the child concerning minimum age for admission to employment and concerning the prohibition and immediate action for the elimination of the worst forms of child labor. No individual who is below the age having completed compulsory education or is below the age of fifteen may be employed.

WORKING HOURS, WAGES AND BENEFITS

You must comply with applicable laws, industry standards and relevant collective agreements on wages (including equal payment regulations), working hours, breaks, public holidays, leave and compensation in case of overtime.

CORPORATE GOVERNANCE GUIDELINES

COMPLY WITH THE APPLICABLE LAWS AND HONOUR YOUR CONTRACTS AND AGREEMENTS

As supplier you must comply with applicable laws in all countries where you have business.

CONFLICT OF INTEREST

Our suppliers shall ensure that its employees comply with the laws and contractual obligations. Please consider that our employees are obliged to restrain their own private interests and act in business cases in the sole interest of SGB-SMIT Group. We expect from our suppliers that they instruct their employees in the same way.

CORRUPTION AND BRIBERY

We do not tolerate any kind of corruption and bribery. We insist on a strict separation of personal and business interests.

Your business decisions should never be influenced by any form of corruption or bribery. Oblige and train your employees to take or give any kind of present, benefit, cash or invitation only in a lawful and socially acceptable scope. We also expect that our suppliers have implemented an anti-bribery policy based on internationally recognized standards in all their entities.

CARTEL AND ANTI-TRUST LAW

We are committed to fair competition. A fair treatment with full integrity of all participants in the market is fundamental to us.

We expect from you to adhere to the principles of free and unadulterated competition and not to take part in any agreement that is against national or transnational cartel, anti-trust or competition law.

PRODUCT LIABILITY AND PRODUCT SAFETY

We see ourselves as partner of our suppliers and customers and focus on long-term relationships with them.

We expect safe and high-quality products from you as supplier. We expect you to secure this level throughout your whole supply chain.

CONFLICT MINERALS

Suppliers must take all reasonable measures to ensure that so-called conflict minerals, such as tantalum, tin, tungsten and gold in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights violations.

COUNTERFEIT PARTS

We expect you to develop, implement, and maintain methods and processes appropriate to their products and services to avoid any counterfeit parts and materials into deliverable products. Effective processes should be in place to detect counterfeit parts and materials and mark parts obsolete as appropriate.

EXPORT CONTROL LAW AND FOREIGN TRADE

You must comply with current economic embargos or regulations of trade, import or export controls, or regulations for the prevention of financing of terrorism.

FRAUD

As our supplier you must take measures against fraud attempts to protect our organization and business secrets.

GOVERNANCE



SUPPORT A RESPONSIBLE HANDLING OF KNOW-HOW, DATA AND INFORMATION

PROTECTION OF BUSINESS SECRETS AND INTEL-LECTUAL PROPERTY

We keep all business secrets of our business partners confidential. We also expect our suppliers to act accordingly.

You must protect the know-how and business secrets of the SGB-SMIT Group or our customers against unauthorized disclosure or usage and you must respect our rights of intellectual property or protected contents. We expect appropriate measures against cybercrime and fraud from our suppliers to protect data and business secrets.

DATA SECURITY

You must comply with the rules of data protection and data security. You shall collect and use personal information only in compliance with applicable laws and policies.

USE WHISTLEBLOWING SYSTEM

Every supplier who observes, becomes aware or knows about inadequate behavior that may be considered as a violation of law or ethical behavior in the business relationship with the SGB-SMIT Group or one of its members is obliged to report this to the Ombudsman of the SGB-SMIT Group. The Ombudsman is independent of the SGB-SMIT Group and in responsible for the Whistleblower Hotline.

Contact details and FAQs regarding the Ombudsman system are available here:

www.sgb-smit.com/sgb-smit-group/procurement



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