

MAGYARMET Finomöntöde Kft.

CODE OF ETHICS AND BUSINESS CONDUCT



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Table of contents

- 1. Introduction 2
- 2. General values – Principles of ethical behaviour..... 2
 - 2.1. Basic principles and values 2
 - 2.2. Compliance with legislation and internal rules 3
 - 2.3. Fair competition 3
- 3. Quality 4
 - 3.1. Expertise, quality work, innovation..... 4
- 4. Commitment to the preservation of MAGYARMET’s reputation, intellectual values and material assets 4
 - 4.1. Commitment to the preservation of the reputation of MAGYARMET..... 4
 - 4.2. Commitment to the preservation of MAGYARMET’s material assets 4
 - 4.3. Commitment to the preservation and enhancement of MAGYARMET’s intellectual values 4
- 5. Areas of ethical and regulatory compliance 5
 - 5.1. Protection of human rights and labour rights..... 5
 - 5.2. Tolerance and equal treatment, non-discrimination and non-harassment..... 5
 - 5.3. Fair employment and working conditions 5
 - 5.4. Avoiding conflicts of interest..... 5
 - 5.5. Anti-corruption..... 6
 - 5.6. Fraud prevention 6
 - 5.7. Accounting, fair reporting and financial integrity 7
 - 5.8. Gifts and Hospitality 7
 - 5.9. Data protection, protection of personal data 7
 - 5.10. Release or leaking of information that constitutes a trade secret 8
 - 5.11. Health, safety and environment, sustainability 8
 - 5.12. Open communication..... 8
- 6. Public appearance 9
- 7. Social responsibility 9
- 8. Ethics Committee..... 9
- 9. Reporting and settlement of breaches of ethics 9
- 10. Operation of a whistleblowing system under the Complaints Act..... 10

1. Introduction

Our commitment to ethical conduct and a strong ethical foundation is one of the most important elements of MAGYARMET's operations. We are committed to fair business operations based on ethical culture and compliance. In the long term, the only way to face the challenges of a competitive market is to take moral responsibility for our principles, both as individuals and as a company. During their activities, our employees must always act lawfully, ethically and in the best interests of MAGYARMET.

We believe it is important to retain our values and support the concept of operating in the right way. That means not only offering carefully crafted, fairly priced and high quality products and services, but also always keeping integrity and honesty in mind. We only source materials from suppliers with an impeccable record of respecting human rights and compliance rules, we ensure the cleanliness of our supply chain and monitor our overall operations to ensure they comply with our Code.

Under Director's Order No 4/2018, knowledge of the MAGYARMET Code of Ethics and Business Conduct and the application of its principles is the interest, duty and responsibility of all MAGYARMET employees. Line managers are responsible for communicating ethical principles and rules of conduct to all employees and to cause them to comply with those.

MAGYARMET expects its staff to be impartial and honest in all work-related matters and is responsible for acting in good faith in general and not to do anything that would undermine the trust necessary for a working relationship. MAGYARMET is constantly open to all questions and will not tolerate any punishment or retaliation against anyone who in good faith reports inappropriate behaviour.

Senior officers and managers have a special responsibility to demonstrate through their conduct the importance of this Code. Senior officers and managers are responsible for ensuring that any ethical issues or concerns raised are addressed in a timely manner. Employees must cooperate in any investigation of possible or alleged breach of ethics.

Conduct that does not comply with the Code may be considered as a breach that could lead to disciplinary action (for the application of adverse legal consequences) and, in deserving cases, termination of employment.

The success of our business is based on the trust we receive from our employees and customers. We gain credibility by sticking to our commitment to fairness and to achieving our goals exclusively in an ethical way. All staff are expected to adhere to this Code, both in their professional and personal conduct, and to treat everyone with respect, honesty and fairness.

2. General values – Principles of ethical behaviour

2.1. Basic principles and values

Integrity, excellence, commitment, sustainability

The combination of these moral values is a basic requirement regarding the behaviour and working relationships of employees.

2.2. Compliance with legislation and internal rules

The employees of MAGYARMET are expected to know and comply with the law, relevant legal requirements and internal regulations and instructions. Within this regulated framework, employees must act flexibly, proactively and with a view to solving problems.

We are committed to complying with applicable international trade laws, including regulations on import and export trade. We all have a responsibility to comply with the trade laws and regulations of the countries where we do business.

2.3. Fair competition

MAGYARMET believes that fair competition is the foundation of free enterprise. We comply with antitrust and competition rules in the areas where we do business. In our relationships with our competitors, traders and suppliers, we avoid agreements that limit our ability to compete with other companies. We do not enter into any agreements, understandings or arrangements with our competitors that affect prices, the terms of sale of products or the number or type of products manufactured or sold.

Our cooperation with our partners is based on trust and mutual benefits in line with competition law. We are committed to ethical and fair competition, and we sell our products and services on the basis of their quality, suitability and competitive price. We make our own pricing and sales decisions, and we do not cooperate or coordinate our operations with competitors in any prohibited manner. We refrain from conduct that harms competition or the reputation of our partners or the credibility of our competitors.

We do not offer or solicit illegal payments or favours, and we do not engage in illegal agreements to exclude certain customers. However, we are committed to respecting all applicable trade regulations, restrictions, sanctions and import-export embargoes.

We do not allow behaviour that violates fair competition in competitive tendering procedures and tenders.

We do not withhold payments to our partners in bad faith, illegally or unjustifiably, and we do not allow such practices in our supply chain, fighting against the unethical practice of “debt gridlock”.

Our staff are responsible for ensuring fair business practices in their work and for complying with all competition, consumer protection and advertising rules. In all cases, customers and business partners must be treated fairly and equally, products and services must be presented with fair and accurate information (fair marketing and advertising) and all relevant information must be shared.

3. Quality

MAGYARMET's business is built on everyday professional relationships and high quality castings, and therefore our company expects its employees to strive for the highest quality and to behave accordingly. We focus intensively and strongly on our customers' needs, which drives us to continuous improvement. Our long-term success depends on our ability to exceed our customers' expectations and to strive for the best quality in everything we do.

We all need to ensure that our individual decisions and actions contribute to a positive image of the company, thus increasing customer satisfaction.

3.1. Expertise, quality work, innovation

MAGYARMET expects all its employees to continuously improve their professional knowledge, skills and abilities, and to perform their work professionally and to a high standard. In order to successfully adapt to the changing environment, employees should be open to accepting and applying new products, services, technologies, systems, and processes. With a drive for improvement, employees should take the initiative to improve efficiency and effectiveness, and also take on the challenges associated with innovation.

4. Commitment to the preservation of MAGYARMET's reputation, intellectual values and material assets

4.1. Commitment to the preservation of the reputation of MAGYARMET

MAGYARMET achieved its good reputation – thanks to the work of its employees – with its services, by earning and maintaining the trust of its customers; the acquired good reputation obliges us to continuously strengthen and maintain it.

4.2. Commitment to the preservation of MAGYARMET's material assets

We are responsible for the safety, security and economical use of our company resources. Our resources, including time, materials, equipment and information, may only be used for legitimate business purposes. Occasional private use may be allowed if it is not unlawful and does not affect performance or undermine work ethics. All employees must observe safety measures and treat both tangible and intangible company assets with respect, not misuse or mishandle them. The protection of the physical and data assets owned by MAGYARMET – e.g. data repositories, tangible assets, real estate, vehicles – is based on prudent and proper use, and on the principles of economic efficiency and economy.

4.3. Commitment to the preservation and enhancement of MAGYARMET's intellectual values

The professional knowledge accumulated since the existence of MAGYARMET and the products created by its employees represent an invaluable and irreplaceable asset, the protection, enrichment and use of which for the benefit of MAGYARMET is the task and responsibility of all employees.

We are committed to ensuring the integrity, confidentiality and accessibility of business information, and therefore we have appropriate technical security measures in place, which all employees are responsible for maintaining. A trade secret includes any information that has not yet been disclosed and that would be harmful to the company or its customers or business partners if it were to become available to unauthorised persons. All employees are required to keep such information confidential.

All information security rules shall be adhered to at all times.

We respect the intellectual property of others. We do not obtain or seek to obtain trade secrets or other proprietary or confidential information by improper means. We do not engage in the unauthorised use, copying, distribution or modification of protected intellectual property.

5. Areas of ethical and regulatory compliance

5.1. Protection of human rights and labour rights

We protect human rights and treat all our workers with fairness, dignity and respect. By treating all our colleagues fairly and equally, we have built and maintain a productive and motivated workforce. Employees are selected and placed on the basis of their qualifications for the work to be performed, without regard to racial origin, religious affiliation, ethnic origin, colour, gender, gender identity, sexual orientation, political opinion, age and/or physical or mental disability. All forms of physical or psychological violence and sexual harassment against employees are strictly rejected by us.

We assure you that under no circumstances will we benefit from child or forced labour. We comply with all national and international laws on minimum age of employment. The working time and remuneration of employees are fair and balanced and comply with the legal framework.

5.2. Tolerance and equal treatment, non-discrimination and non-harassment

Not only direct and indirect discrimination, but also harassment, unlawful segregation, retaliation and orders to do so are unacceptable among workers. MAGYARMET employees and customers must not be treated unfairly because of their gender, ethnicity, colour, nationality, ethnic origin, potential disability, religious beliefs, sexual orientation, gender identity, political or other opinions. All forms of physical or psychological violence and sexual harassment against employees are strictly rejected by us.

All staff are expected to adhere to the highest standards of mutually respectful behaviour in all their verbal and written communications and to refrain from any harassment, defamation or any behaviour that others may consider violent, intimidating, humiliating or offensive.

5.3. Fair employment and working conditions

We are committed to promoting equality in the workplace and to achieving legal and fair employment and remuneration practices. We are strongly opposed to the use of child labour, slavery or any form of forced, compulsory or bonded labour, both direct and indirect. We condemn all forms of unlawful, unfair or unethical employment that exploits the workforce, destroys the social security system or is used for tax evasion, such as undeclared or "grey" labour or withholding of wages.

Our staff must behave fairly and treat their colleagues and others with full respect.

5.4. Avoiding conflicts of interest

We must refrain from activities that may create a conflict of interest between our personal interests and the interests of the company, and we must avoid even the appearance thereof. MAGYARMET conducts its business activities in a transparent and fair manner. All direct and indirect contacts between MAGYARMET and the employees of its partners that may influence business relations must be disclosed. We do not accept gifts, favours or entertainment of greater value than we can reasonably return, or that obligate or appear to obligate us to act in a manner inconsistent with the law, MAGYARMET's business interests or MAGYARMET's ethical business practices.

Engaging in human or market conduct that is in conflict with MAGYARMET's interests or that jeopardises its interests is a breach of ethical conduct. The purity of business life depends to a large extent on the extent to which we succeed in eliminating personal entanglements, contacts and interests that influence decisions. All employees are required to avoid and report any situation or activity that could create a conflict of interest between the company and their personal, or family and economic activities.

Our decisions must be based on objective and fair assessment and avoid any possibility of unfair influence.

5.5. Anti-corruption

MAGYARMET has a zero tolerance policy on corruption and bribery. In our dealings with public officials and other companies, we strictly adhere to ethical business practices. We do not seek to influence others directly or indirectly by paying kickbacks or bribes or taking unethical or other actions that destroy our reputation for fairness and integrity. Even the appearance of such behaviour must be avoided.

We strongly condemn and will not tolerate corruption in any form. It is prohibited to directly or indirectly offer, promise, give, request or accept any unfair advantage or benefit for any business purpose. An unfair advantage or benefit may be money, a cash substitute (e.g. a voucher), a gift, a credit line, a discount, travel, a personal benefit, accommodation or a service. To ensure or expedite due process, we do not allow the provision of bribe money (or "kickbacks") to officials or employees of economic operators. Corruption also includes racketeering, where someone gives the impression that they are influencing a decision-maker dishonestly.

Corruption, whether for commercial gain or other economic advantage, is a serious abuse. Similarly, accepting a bribe or allowing another to accept a bribe is a serious offence. Our staff must be able to account for any benefits they have earned in the course of doing business and must not give or accept any bribes or behave in any other corrupt way.

5.6. Fraud prevention

Fraud or fraudulent behaviour – that is, behaviour that involves deception, theft, deceit or lying – is unethical and, in most cases, punishable. Fraud in all its forms (including, for example, false accounting, falsification or alteration of certificates or financial documents, misuse of company assets or misappropriation of assets, false entries in financial or non-financial records or reports) is prohibited.

5.7. Accounting, fair reporting and financial integrity

We keep and prepare our books, records, accounts and financial reports in sufficient detail, realistically and in a way that properly reflects our transactions. We condemn all forms of money laundering, and are committed to only entering into business with partners who are conducting legitimate business activities from legitimate sources.

MAGYARMET is also an accounting service provider and therefore has internal regulations in place for the prevention and combating of money laundering as required by Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing. Employees involved in this activity must act in accordance with the law and the regulations.

We are committed to fair taxation and refrain from any tax avoidance practices, such as failure to provide receipts or invoices or the settlement of false invoices.

All employees are required to follow all accounting procedures and ensure that financial events are properly recorded and documented, and that the financial statements they provide are complete, honest, accurate, timely and understandable. Unfairly influencing, manipulating or misleading the auditing process or any accounting control is prohibited.

5.8. Gifts and Hospitality

MAGYARMET employees shall not accept or solicit, directly or indirectly, any benefit, money, gift or advantage from anyone associated with them or the company that is suitable to influence their impartiality, judgment, or that compels or appears to compel them to act contrary to law or the interests or ethical business practices of the company.

Any behaviour that could give the impression that we seek, receive or give preferential treatment in exchange for personal benefits should be avoided.

Business courtesies or favours can be gifts, favours, meals, drinks, entertainment or other benefits from a person or company with whom we do or may do business. We do not give or accept anything that constitutes, or reasonably appears to constitute, an unfair business inducement, or that violates any law, regulation or principle, or otherwise creates an embarrassing or inconvenient situation. Our staff should never use personal resources for something that could not be done using corporate resources.

Occasional gifts or hospitality that are customary and in line with reasonable market ethics may be offered and accepted if they are not excessive, frequent or give the impression that they are intended to influence business decisions. Only low-value, insignificant gifts may be accepted. All other gifts must be politely declined or, if sent by post, returned. If return is not possible, it must be donated to charity or community purposes. It is the responsibility of the giver or the person receiving the gift to consider whether a gift is appropriate.

5.9. Data protection, protection of personal data

We respect everyone's privacy rights and recognise the need of our customers, employees and other natural persons to be confident that their personal data is processed fairly and only for legitimate business purposes. We are committed to complying with data protection legislation. We only collect and process personal data that is necessary and provide appropriate information to data subjects about these activities. We take appropriate information security measures to ensure the confidentiality, integrity and availability of personal data. Our staff are required to follow the

relevant legal requirements, adopt good practices and comply with procedures to ensure the lawfulness of data management and processing. For detailed regulation: see “*Privacy Notice*” (<http://magyarmet.com/cegunkrol/letoltesek/>)

5.10. Release or leaking of information that constitutes a trade secret

Employees are required to keep business secrets that come to their knowledge in the course of their work, such as business and strategic plans, contracts, agreements, drawings, models, photographs, and essential information about the company and its activities.

5.11. Health, safety and environment, sustainability

We are committed to meeting our current needs without compromising the opportunities of future generations. We therefore consider economic, environmental and social factors together in our operations and business decisions.

We provide a clean, safe and healthy working environment and are committed to maintaining a healthy environment. We aim to minimise the impact of our activities on the natural environment. Efforts are being made to reduce the use of finite resources such as energy and water, and the emission of harmful substances such as waste.

MAGYARMET is committed to complying with environmental laws and legal regulations, and we expect our suppliers and partners to do the same. We support environmentally sound management by exploiting business processes that prevent waste, improve quality and promote efficient use of available resources.

All employees must comply with all relevant health, safety and environmental laws, rules and regulations at all times.

The company’s current Environmental Policy is available on the website; See: “*Environmental Policy*” (<http://magyarmet.com/cegunkrol/letoltesek/>).

5.12. Open communication

As employees, we communicate respectfully, fairly, honestly and openly. As a company, we have a responsibility to communicate information about our company clearly, accurately and honestly to our partners.

It is unacceptable to deliberately mislead customers, business partners, competitors or employees by providing false information or data. All questions must be answered correctly, clearly and professionally. It is a serious ethical offence to abuse the trust of customers, to misuse the information received, or to use it for any other purpose without the customer’s permission or consent.

6. Public appearance

The management provides information to the public on issues affecting MAGYARMET as a whole. Only authorised persons may disclose information about the company's activities to the public.

MAGYARMET does not restrict its employees from playing a social and political role in accordance with the constitutional order, nor does it investigate or influence their religious or political affiliation. However, they must not be practised or promoted at the place or during the hours of work, the company's name may not be used during their exercise, and such activities may not conflict with the company's interests.

7. Social responsibility

In line with its commitment to sustainable development and environmental protection, environmental awareness is at the heart of MAGYARMET's social engagement. The company expects its employees to respect the environment in the course of their work, to ensure the separate collection of waste, the proper handling of hazardous waste, to pay attention to water and energy saving, and to strive for the economical and efficient use of raw materials and auxiliary materials. They should give preference to recyclable materials and products as much as possible.

8. Ethics Committee

MAGYARMET operates an independent working body to enforce the principles of the Code, to investigate disclosures, and to formulate measures, proposals and recommendations. The members of the Ethics Committee and the rules governing its activities are set out in the Rules of Procedure of the Ethics Committee, which are in line with the provisions of this Code.

The Ethics Committee declares that any employee who in good faith seeks advice, voices a concern, or reports misconduct is acting in accordance with the Code of Ethics.

The members of the Ethics Committee are: the Equal Opportunities Officer, the competent Director and a neutral colleague or external expert appointed by them (see: *Magyarmet Kft.'s Equal Opportunities Plan*)

9. Reporting and settlement of breaches of ethics

Violations of the MAGYARMET Code of Ethics and Business Conduct are considered a breach of ethics. In the case of a breach of ethics, the employer may take labour law measures against the employee in accordance with the rules applicable to the employment relationship, in proportion to the nature and seriousness of the breach of the relevant requirements.

If an employee experiences conduct in his or her work environment that is in breach of the company's Code of Ethics, the first step is to report the matter to the person acting in the employer's capacity, who, if necessary by the invitation/with the involvement of the Ethics Committee, will investigate the disclosure and take action to stop the unethical conduct.

The employee may submit the disclosure in writing to the Ethics Committee in accordance with *Magyarmet Kft.'s Equal Opportunities Plan*.

The investigation of ethics cases is most effective when the whistleblower shares all available information about the case, including his or her name. Anonymous disclosures will only be investigated by the Ethics Committee if they are likely to constitute a particularly serious breach of the Code.

The employee must not suffer any direct or indirect disadvantage as a result of the disclosure.

10. Operation of a whistleblowing system under the Complaints Act

MAGYARMET is committed to preventing and appropriately addressing any unlawful acts and omissions or suspected unlawful acts and omissions, or abuse, in connection with its activities or in relation to its person. Its system for reporting abuse is set out in its Information Notice, see *“Information Notice – on the functioning of the whistleblowing system under the Complaints Act”* (<http://magyarmet.com/cegunkrol/letoltesek/>)