



Code of Conduct

SOCIO-ECOLOGICAL AND ETHICAL CODE OF CONDUCT
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Preface

Dear Colleagues,

In our company's code of conduct, management sets standards that ensure

- Safe working conditions in the company.
- Respectful and dignified treatment of employees and workers involve.
- Environmentally friendly and ethically justifiable business processes
- as well as compliance with legal requirements.

Forming the most important basis for these standards are the Federal Republic of Germany's laws, guidelines, and regulations and, if applicable, the countries in which our company operates or with which our company maintains business relationships. These must be observed and followed in every respect. In addition to complying with legal requirements, we adhere to internationally recognized standards, promote a sense of social and ecological responsibility, and engage in ethical business conduct.

With its extensive legal and governmental provisions based on the highest international norms and agreements, Germany guarantees that companies located there meet the highest socio-ecological and ethical standards. Therefore, separate in-house standards are generally not required, but only suitable procedures for monitoring and complying with statutory and regulatory requirements. Nevertheless, we would like to formulate in-house standards in a more general sense to express our willingness to help improve conditions in the global economic community.

All our employees are obliged to implement statutory provisions, internationally recognized standards and code of conduct regulations in the company, whereby the integrated management system is intended to support management and the employees. In addition, the company should as far as possible, ensure that its direct business partners (suppliers, customers, cooperation partners) also abide by the code of conduct presented.

The code of conduct comprises four sections, which include standards for the areas of working conditions, health and safety, environmental protection, ethics in business processes as well as internal company export control. The integrated management system is designed in accordance with the last section in such a way that compliance with the code of conduct is supported.

Graefelfing, November 2nd, 2022

Dr. Wilhelm Kaenders
President

Dr. Thomas Renner
President

1 Working conditions

In keeping with the conviction shared by the international community of nations, our company undertakes to safeguard the human rights of employees and workers and to treat them with dignity and respect. This undertaking refers to all workers, including temporary and casual workers, temporary student employees, contracted labor, permanent staff and all categories of workers.

1.1 Freedom to choose employment

No forced labor, servitude (including debt servitude), compulsory labor, the employment of prisoners against their will, slave labor or labor based on the trade in human beings may be used. This also includes the transportation, accommodation, appointment, passing on to others or acceptance of persons in need of protection for purposes of exploitation through the use of threats, force or the exercise of violence or by means of kidnapping or deception. All work must be performed voluntarily, and the workers must be able to terminate the work or the employment relationship at any time. A condition of employment may not be that workers are required to surrender an identity document, passport or work permit issued by a government agency. No excessive fees may be charged. All fees charged to workers must be disclosed.

1.2 Avoidance of child labour

Child labor is forbidden within the company. The term “child” in this context refers to all persons below the age of 15 (or, depending on the law of the particular country, below the age of 14) or to persons of compulsory school age or persons who have not yet reached the minimum employment age in the particular country. The highest age limit in every case will apply. The company will support approved training programs or industrial placements that comply with all laws and regulations. Workers below the age of 18 may not perform any work that might endanger the health and safety of young workers and laws for the protection of young people must be observed.

1.3 Working hours

It is a recognized fact that workers upon whom excessive demands are imposed are less productive, change their place of work more frequently and suffer injuries or are ill more often. Weekly working hours must not exceed the statutory maximum of 48 hours. In exceptional cases, max. 60 hours per week are permitted, but under no circumstances should the average working time of 8 hours per day, calculated over 6 months, be exceeded. Exceptions are emergency situations and extraordinary circumstances based on a purely voluntary participation by the employees. Workers must be granted at least one day free of work in a seven-day week.

1.4 Wages and social benefits

The wages paid to workers must comply with all the relevant laws on remuneration, which also includes laws governing minimum wages, overtime and social benefits stipulated by law. In compliance with local regulations, overtime worked by employees must be remunerated at a higher hourly rate than the standard hourly rate. Deductions from wages as a disciplinary measure are not permitted. The basis on which workers’ wages are calculated must be made completely transparent in the form of a wage slip or a comparable document provided immediately.

1.5 Humane treatment

Workers may under no circumstances be treated with disproportionate strictness or in an inhuman manner; this also includes sexual harassment, sexual abuse, physical correction, physical or mental abuse and verbal attacks. This also applies to threats of such treatment. Such forms of behavior constitute a criminal act and will be rigorously prosecuted.

Any disciplinary measures and guidelines in accordance with the provisions of the law and these norms must be clearly established and communicated to the workers.

1.6 Prohibition of discrimination

Harassment or illegal discrimination amongst employees and workers may not be tolerated. Strict attention must be paid to the fact that workers may not be discriminated against, for example as part of appointment or employment practices such as promotions and remuneration or access to further training opportunities, on account of their race, the color of their skin, age, sex, sexual orientation, ethnic origin, handicaps, pregnancy, religious or political conviction, membership of a trade union or family situation. Moreover, current and future workers may not be subject to any medical tests that might be used in a discriminatory manner.

1.7 Freedom of association

The board of management places great value on open communication and a direct dialogue with employees as the most effective method of resolving problems at the place of work as well as disagreements over remuneration. The right of workers, in compliance with the relevant laws, to form associations, to join trade unions, to appeal to a body representing employees and to become members of works councils must be respected. Workers must be able to communicate with management without fear of reprisals, intimidation or harassment and to raise grievances relating to working conditions and management practices.

2 Health and Safety

The board of management recognizes that - in addition to efforts to keep work-related injuries and illnesses to a minimum - a safe and healthy working environment contributes to an increase in the quality of the company's products and services, stability in the production process and to the retention and morale of employees and workers. A continuous exchange of opinions and employees' and workers' constant training in recognizing and solving health and safety-related problems is of fundamental importance in this context.

2.1 Occupational safety

Should employees or workers be subject to potential safety risks (e.g., the risk of electromagnetic radiation, electric currents and other sources of energy, fire, motor vehicles and falls), these risks must be reduced through the suitable design of the tools as well as control mechanisms of an administrative nature, preventive maintenance, secure operating procedures (including systems that block the equipment should maintenance not be carried out) and regular training courses on safety. Should it not be possible to adequately control risks through such methods, the company must provide appropriate and well-maintained personal protective equipment. Persons who raise safety issues may not be discriminated against or disciplined.

2.2 Emergency precautions

The board of management identifies and evaluates potential emergency situations and events. Possible effects should be minimized through the introduction of emergency plans and reporting procedures. These include, amongst other things, the reporting of emergencies, notification of employees and workers and evacuation measures, training courses and emergency exercises, the installation of suitable fire alarms and fire extinguishers, adequate escape routes and rescue plans.

2.3 Industrial accidents and occupational illness

The board of management implements suitable procedures and systems to prevent, monitor, follow up on and report industrial accidents and occupational illnesses. These include the following measures: instructions to everyone that such events must be reported; the classification and recording of accidents and illnesses; the provision of the required medical care; the investigation of incidents and the implementation of measures to eliminate their causes; facilitating employees' and employees' return to their place of work.

2.4 Working place design

Should employees and workers be unavoidably subject to chemical, biological and physical risks due to quality-related operating processes, the board of management is required to identify, evaluate, and monitor these substances and their effects. Suitable technical and administrative measures to control excessive exposure will be used for this purpose. Health must be protected through suitable personal protective equipment programs should it not be possible to adequately reduce the risks through such measures.

2.5 Physically demanding work

The board of management will identify, evaluate, and monitor physically strenuous work, including handling materials manually, heavy or continuous lifting, long periods of work whilst standing as well as assembly work that is either repetitive or requires strength, in order to protect employees and workers performing such work. The strain involved in such work will be reduced to a minimum by means of suitable measures.

2.6 Safeguarding machinery

The board of management checks production equipment and other machines regarding safety risks. Machines that may expose individuals to the risk of injury must be fitted with physical protective installations, locking devices and barriers and be properly maintained.

2.7 Sanitary installations, meals and accommodation

The company always provides its entire staff with accessible and clean washrooms and toilets, clean drinking water and facilities to prepare, store and take meals in hygienic conditions. Should the company provide employees with accommodation, either itself or through an agent or service provider, this accommodation must be well maintained, clean and secure, must have adequate emergency exits, warm water to take a bath or a shower, have adequate heating and ventilation systems, offer each individual sufficient space and the building be equipped with reasonable access and exit entitlement.

2.8 Disease prevention

Disease regulations and recommendations of state authorities are followed. In addition, specific hygiene measures are introduced where they are sensible and economically justifiable.

In the event of a pandemic, that is, if appropriate public bodies from the authorities responsible for the company officially announce such a status, the company supports compliance with all officially ordered measures.

Epidemic measures are coordinated with the Personnel Department as well as division and department heads and decided by the Board of Directors. They can be adjusted by the Executive Board at any time due to new legal provisions, recommendations, or improvements in internal cooperation. They apply to all TOPTICA employees, everyone working in the context of a service relationship at the site, all volunteers at the site and guests.

3 Environmental protection

The board of management is of the conviction that the responsible treatment of the environment is an integral part of manufacturing products of the highest quality. Negative consequences for the community, the environment and natural resources must be kept to a minimum at every stage of production. Resources must be used sparingly and as carefully as possible. At the same time, the health and safety of the public must be protected.

Our environmental management system in accordance with ISO 14001 additionally supports this requirement and has been implemented accordingly by the management.

3.1 Environmental permits and reporting

The board of management is responsible for obtaining all environmental permits (e.g., for the monitoring of wastewater discharges or emissions in the form of gas), approvals and registrations are obtained and kept up-to-date.

The operational, notification and reporting requirements contained in the permits are an integral part of our management system and must be followed by all employees.

3.2 Prevention of pollution and reduction in resources

The board of management trains the company's personnel and organizes its business and manufacturing processes in such a way that all forms of waste and the unnecessary use of water, energy and other materials and resources are reduced or avoided altogether. This is achieved either at the place where such situations occur or through procedures and measures, such as changes to manufacturing and maintenance processes or processes within the company, the use of alternative materials, savings, recycling and the re-use of materials.

3.3 Hazardous substances

The board of management will identify chemicals and other materials that constitute a hazard if released into the environment and will manage them in such a way that they can be handled, transported, stored, used, recycled, re-used and disposed of safely and without any unreasonable damage to the environment.

3.4 Wastewater and solid refuse

Wastewater and solid waste generated in the company as a result of operations, manufacturing processes and sanitary installations will be disposed of either through the channels stipulated by the authorities or, in the case of waste water and solid waste unsuitable for this treatment, classified, monitored, checked and subjected to the required processing before discharge or disposal.

3.5 Emissions into the atmosphere

The company will classify, monitor, check and process as required emissions of unusual or legally restricted quantities of volatile organic chemicals, aerosols, corrosive materials, particles, ozone depleting chemicals or the by-products of combustion generated by operations prior to discharge.

3.6 Restrictions on product contents

The company takes measures to ensure that the applicable laws, regulations and customer specifications regarding the prohibition or limitation of specific substances are complied with. This also includes labelling requirements for recycling purposes and disposal. In addition to the relevant EU guidelines, WEEE and RoHS that in Germany have been put into effect in the Electro- and Electronics Law, the company also complies with the EU REACH Directive.

4 Ethics in business processes

The whole company, that refers particularly to the board of management and all employees in management and staff functions should comply with the highest ethical norms in order to fulfil their social obligations and to position the company successfully on the market.

4.1 Integrity

All business relationships should be based on the highest norms of integrity. This means that all employees that no employee should show any tolerance whatsoever to bribery, corruption, blackmail, and embezzlement (including promises, offers, payments or the acceptance of any bribes) but should prevent them in every possible form. All business processes should be transparent, and it should be possible to follow them through correctly in the business documents. The applicable anti-corruption laws must be observed.

4.2 Prohibition of improper advantages

No employee may offer or accept bribes or other means acquiring an undue or improper advantage. The board of management must be informed immediately of infringements or similar forms of behavior on the part of customers, suppliers, cooperation associates or public institutions.

4.3 Disclosure of information

The board of management will disclose information relating to the company's business activities, structure, financial situation and performance in accordance with applicable regulations and prevailing practices in the industry. The falsification of records and misrepresentation of conditions or practices in business processes with customers, suppliers, or cooperation associates or to public institutions will not be accepted.

4.4 Intellectual property

The company respects intellectual property rights. The board of management will structure any transfer of technology and know-how transfer in such a way that intellectual property is protected.

4.5 Fair business practices, fair advertising and fair competition

The board of management will ensure fair business practices, fair advertising and fair competition in all parts of the company. Appropriate means have been taken to protect information from business or cooperation associates that requires to be kept secret.

4.6 Protection of identity

The board of management ensures that information on employees, workers, service providers and suppliers is treated in confidence and protected in business processes and in the storage of data.

4.7 Responsible sourcing raw materials

The company will endeavor - to the best of its ability and to the best of its knowledge and belief – that the raw materials used in manufacturing the company's products (including for example tantalum, tin, tungsten, and gold) will not be used, either directly or indirectly, to finance or support armed groups guilty of grave abuses of human rights in the countries producing the raw materials. The company will exercise the necessary care regarding the origin and monitoring chain of these raw materials and will disclose any due diligence measures to customers should they request this information.

4.8 Privacy

The board of management will take measures to ensure that the legitimate expectations of business partners, including suppliers, customers, cooperation associates and employees, are fulfilled with regard to the protection of private information in the company's business processes and the storage of data. In this context, the applicable data protection laws and regulations issued by public authorities must be observed whenever personal information is recorded, stored, processed, transmitted or transferred.

4.9 Renunciation of reprisals

The board of management guarantees a company culture that encourages employees to express any doubts with regard to the Code described here freely and without fear of reprisals. A formal process may have to be installed that is communicated to employees clearly and unambiguously.

5 Export control: our joint task in the company

The aim of export control as a sovereign process prescribed by law is primarily to control the non-proliferation of weapons of mass destruction, but also the uncontrolled proliferation of conventional armaments. It serves to secure national technologies for such a purpose that go beyond the generally accessible known state of the art, in the form of written findings, documentation, plans, sources of supply, etc.

There is a fundamental freedom of basic research within which the products of TOPTICA have almost always been applied in recent years. Legal assessment and foreseeable technological transition from quantum physics to quantum technology require stricter formalization of procedures. Well-established export control helps business by allowing TOPTICA and the authorities to make good decisions faster. It is thus even a competitive advantage.

TOPTICA does not offer any products on the market that are specifically designed for military use, nevertheless, by using or copying the equipment, military relevant research can be conducted, which can then also lead to military technology.

The company naturally has its own economic interest in TOPTICA's technological edge, pure laser high-tech products, which is safeguarded by internal trade secrets. Connected with this is the effort to prevent the emergence of competing suppliers by controlling technological information. At this point, national, legal, and internal objectives overlap.

Export control is an overall corporate task and encompasses almost all operational processes in which goods (procurement, sales) are moved across national borders. However, export control is also relevant in the (possible) exchange of technology in the form of access to technical knowledge and technical documents across national borders (including employee travel) or by employees in the company who come from other countries.

TOPTICA sees compliance with legal requirements as an internal obligation to meet the above export control objectives. Central questions in clarifying export issues are the 4W questions: what, who, where and for what? The correct answer to these questions requires cooperation from the entire company and is verified by the state export control through the Federal Office of Export Control (Bundesamt für Ausfuhrkontrolle BAFA).

In the case of violations of export control laws, not only massive penalties and entrepreneurial disadvantages threaten the company, but also the concretely involved persons in the structural responsibility, if they act "grossly negligent" despite relevant training or "deliberately" cause export violations.

The responsible and easily accessible handling of export control issues is achieved by the management through publication on the company's intranet. The basic structure is represented by the Internal Compliance Program (ICP), which is currently being set up. This gives each individual employee his or her role in implementation. If a violation is suspected, it must be reported immediately to the person responsible for exports in the company. The central guiding principle is that there will be no business at the expense of compliance. In cases of doubt, TOPTICA's export control team will help and also initiate an external clarification process with the relevant authorities.

The company's export officer is located in the company's management (board of directors). His role is documented annually, and he is responsible for installing an effective export system. Under the ICP, tasks and roles are assigned to an export officer with the right to issue instructions throughout the company.

Further details are described in the so-called working and organizational instructions AuO of the export process and are continuously updated.

6 Enforcement of the Code as part of the Integrated Management System

The Code of Conduct was adopted by the Executive Board to always ensure that

(a) the relevant laws, regulations, and customer requirements with regard to operating processes and the company's products are observed,

(b) the present Code is complied with and

(c) risks arising from business processes in connection with this Code are identified and reduced as part of a continuous process of improvement.

This includes that management

- Makes the code of conduct known to all employees.
- Clearly designates company representatives who are responsible for monitoring and improving individual code of conduct points. In general, all company managers have a special responsibility for this. Monitoring the code of conduct is the responsibility of an ethics council, which is composed of the occupational safety specialist committee and personnel management.
- Takes suitable measures to ensure that relevant laws, regulations, and customer specifications are known and observed.
- Takes suitable measures to ensure that risks arising in areas of the environment, health and safety, work practice and ethics are known and assessed. For this purpose, monitoring procedures and control mechanisms are installed in the management system so that compliance with official regulations is ensured.
- Formulates performance targets, specifications and implementation plans to improve the company's social and ecological behavior, including regularly assessing the company in order to achieve these goals concerning code of conduct audits.
- Ensures that managers and employees are adequately trained to implement this code of conduct and comply with relevant laws and regulations. Employees' understanding should be observed, and feedback recorded in order to promote continuous improvement.
- Ensures that all employees, suppliers, customers, cooperation partners and public institutions in contact with the company are clearly aware of the company's internal quality and environmental standards, expectations, and procedures. Especially in the case of suppliers, incidents contradicting the code of conduct should be addressed by supplier audits or evaluation and, if necessary, eliminated in the context of a quality assurance agreement.
- Implements management system procedures so the code of conduct also includes corrective measures, continuous improvement process and control of documents and records.

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