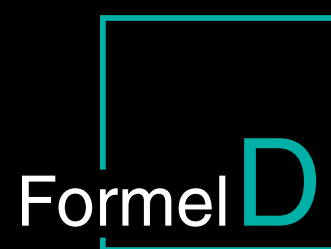


FORMEL D SUSTAINABILITY REPORT 2019

Reporting period: 2018 – 2019



THE
DRIVING
FORCE.

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POSITIONING OF MANAGEMENT
REGARDING THE
SUSTAINABILITY REPORT



Dr. Jürgen Laakmann | CEO of Formel D

DEAR LADIES AND GENTLEMEN,

The United Nations Global Compact (UNGC) is the largest and most important initiative for responsible corporate governance. The alliance urges companies around the world to voluntarily align their business activities and strategies with ten universally accepted principles of human rights, labor standards, environmental protection, and anti-corruption measures.

We actively employ the UNGC guidelines and streamline our operational measures to promote and actively implement the ten principles within our sphere of influence. This sustainability report is based on the criteria of the UNGC and describes the assessment, implementation, and measurement of the results of our operational activities and projects in the four areas of responsible corporate governance.

We believe in United Nations Global Compact guidelines and will continue our efforts over the next few years to intensely promote the fulfillment of the ten principles and to actively incorporate them in the day-to-day business processes. We are also committed to inform our stakeholders on an annual basis and through our communication channels of our efforts to implement the principles of the United Nations Global Compact.

Best regards,

Formel D

Dr. Jürgen Laakmann | CEO



FORMEL D. THE DRIVING FORCE.

WE ARE THE DRIVING FORCE BEHIND THE AUTOMOTIVE SERVICE INDUSTRY

Formel D is a globally active service provider in the automotive and supply industry with headquarters in Troisdorf near Cologne | Germany. The company is managed by CEO Dr. Jürgen Laakmann.

With our services we support you in getting vehicles and components ready for the market and ensure the implementation and optimization of service processes. Formel D offers custom, scalable solutions for quality assurance and process optimization as well as market-leading concepts along the entire automotive value chain – from development and production to aftersales. This holistic approach, coupled with specific expertise and extensive experience, creates synergies that contribute decisively to optimizing and ensuring the quality of products and processes throughout the supply chain. The service portfolio ranges from testing, rebuilding, reworking, or retrofitting of vehicles and components to quality inspections, including rectification of minor defects as well as complete responsibility assumption of outsourced process steps in development, production, or aftersales. Consulting services, training courses, and seminars ensure know-how transfer.

► We split our service portfolio into three areas, mirroring the entire automotive value chain. In each of these areas, we provide detailed analyses, precision planning, reliable implementation, expert advice, and support.

PRODUCT DEVELOPMENT ►	PRODUCTION ►	AFTERSALES ►
<ul style="list-style-type: none">▪ Build up Mule and Test Vehicles▪ Vehicle Testing▪ Vehicle Test Center Operations▪ Homologation	<ul style="list-style-type: none">▪ Supplier Sourcing and Readiness▪ Launch and Series Management▪ Quality Management▪ Localization and Relocation▪ Value Added Assembly	<ul style="list-style-type: none">▪ Service Management▪ Vehicle Management▪ Dealer Management▪ Warranty Management
Engineering Consulting Training Operations		

As a future-oriented, global company, we attach particular importance to a **resource-efficient approach** throughout the entire work process. We align our daily activities based on our **in-house sustainability** principle, which **includes** social and ecological commitment as well as sustainability.

FACTS

- Founded: 1993
- Headquarters in Troisdorf near Cologne
- Global presence
- Automobile services in Product Development, Production, and Aftersales

KEY FIGURES

- About 50% of sales with OEMs and 50% with suppliers
- Core regions: Europe, North America, and China
- More than 12,000 people from 45 nations work together in intercultural teams

LOCATIONS AND PROJECTS

- **Subsidiaries/sites**
Over 90 sites in 22 countries
- **Europe**
Germany, Belgium, Czech Republic, France, Hungary, Italy, Poland, Romania, Russia, Slovakia, Spain, Turkey, United Kingdom
- **Asia**
China, India, South Korea
- **Africa**
Morocco, South Africa
- **America**
Brazil, Canada, Mexico, USA

(Last updated: October 2019)



HUMAN RIGHTS

- Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2** Businesses should make sure that they are not complicit in human rights abuses.

HUMAN RIGHTS. ASSESSMENT, POLICY, AND GOALS

Formel D guarantees respect for human rights within its sphere of influence. We respect the dignity of men and women and are actively engaged in ensuring compliance with, and protection of, human rights.

Our employees and committees are committed to the fulfillment of these principles. Of course, this does not only apply to cooperation within the company, but also to behavior towards our business partners. Our position to respect human rights is firmly entrenched in our [Code of Conduct](#). All new employees must sign off on it along with the employment contract. Furthermore, the Code of Conduct is always available for all employees on our intranet.

We therefore expect the committees and employees of Formel D to fully observe and implement the Code of Conduct in their day-to-day practice. Merely formal compliance with the Code of Conduct does not meet the standards of Formel D.

For the selection of our suppliers and for assessing new and existing supply relationships, Formel D not only considers economic criteria, but also compliance with human rights. We generally extend our commitment to protecting human rights to suppliers, service providers, and subcontractors in the supply and value chain by asking them to sign a [Code of Conduct for Suppliers of the Formel D Group](#). If suspicion of a subcontractor or supplier breaching the Code of Conduct is deemed to be justified or if a subcontractor or supplier does not adequately fulfill its duty to inform and cooperate in case of suspicious activities, Formel D can terminate the business relationship with the respective subcontractor or supplier with immediate effect on the basis of the existing contractual or legal rights.

HUMAN RIGHTS. IMPLEMENTATION.

With the appointment of the Chief Compliance Officer and the Compliance Officer, we have introduced two positions that, among other things, promote the compliance and protection of human rights in our company. Monitoring and enforcement of various legal requirements and the company-wide compliance principles is currently being implemented by 28 compliance officers worldwide at various company locations. In their capacity, they implement monitoring measures to prevent any compliance-relevant breaches. If suspected cases or violations of the compliance principles are identifiable, they support the employees at Formel D in the solution process. The contact details of the Chief Compliance Officer and the various compliance officers are available on the intranet for all employees.

Furthermore, our onboarding and training concept is focused on raising awareness of human rights. Every new employee of the Formel D Group takes part in our New Employee Onboarding (NEO I) within the first few weeks. As part of this induction program, our employees not only learn about the company philosophy, but from July 2019 on they will also be trained on the content of our [guidelines](#) und [compliance principles](#). As part of this effort, we are currently revising our Code of Conduct in order to supplement the guideline with additional regulations outlining respect for human rights.

In addition, we are currently designing an e-learning module with which the contents of the compliance guideline should be conveyed to the directors, technical directors, project managers, and sales employees of the Formel D Group.

HUMAN RIGHTS. MEASUREMENT OF OUTCOMES.

Formel D provides its services mainly in Europe, where the risks of human rights violations in the context of our business processes are considered relatively low. In the 2018-2019 reporting period, Formel D did not report any cases of human rights violations. There are also no known violations of the human rights of our partners and suppliers.

Compliance with human rights is reviewed annually through internal quality audits at all sites of the Formel D Group. The positive results show that complying with these principles of respect for human rights is fulfilled. If required or suspected, our compliance officers carry out additional compliance audits.

Formel D reserves the right to use one of the following methods to check to what extent our suppliers comply with sustainability standards.

- **Self-disclosure:**
We reserve the right to ask our suppliers to complete a questionnaire on compliance with human rights, labor standards, environmental protection, and anti-corruption regulations.
- **Third party rating:**
We reserve the right to ask third parties (such as data providers) for desktop information regarding handling and compliance with our standards.
- **Certificates | Comments:**
We reserve the right to ask our suppliers for a certificate or statement confirming compliance with our sustainability principles.
- **On-site audits:**
We or a third party commissioned by us may ask our suppliers for permission to demonstrate compliance with the above mentioned standards on-site.

In case of a violation of principles of human rights, we will notify the management of the Formel D Group immediately. In addition, we prepare a monthly compliance report for the Executive Board, which outlines, among other things, violations of our compliance principles and measures to improve the compliance system.

LABOR STANDARDS

- Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4** Businesses should uphold the elimination of all forms of forced and compulsory labour.
- Principle 5** Businesses should uphold the effective abolition of child labour.
- Principle 6** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

LABOR STANDARDS. ASSESSMENT, POLICY, AND GOALS

UNSERE WERTE. OUR VALUES.



➤ In 2018, our values were updated and redefined in a workshop with Formel D employees from all areas.

The four principles for compliance with labor standards are recognized by the Formel D Group. Among other things, our applicable labor standards are documented in the [Code of Conduct](#) and in our **Corporate Behavior** guiding principles. Child labor and any form of exploitation of children are not tolerated by Formel D. The minimum age for admission to employment may not be below the age at which compulsory education ends and under no circumstances may it be less than 15 years old.

Formel D rejects all forms of forced labor. No employee or committee may be forced to work, directly or indirectly, by force and/or intimidation. Employees must only be employed if they volunteer for employment. Furthermore, we recognize freedom of association and the right to collective bargaining.

The Formel D Group always strives to ensure a safe and healthy working environment. Strict adherence to safety rules and practices is an indispensable prerequisite for our entrepreneurial activity. Our employees and committees are obligated to report violations of these principles to the responsible authorities in the company without delay. Any abuses must be remedied immediately.

We expect our suppliers to support the protection of the principles of our labor standards and to observe the minimum wage and working hours standards. Furthermore, we demand rejection of forced labor, child labor, and discrimination in the workplace as well as respect of the right to organize and the right to collective bargaining.

LABOR STANDARDS. IMPLEMENTATION.

There is great potential in the diversity of people. That is why Formel D employs people and institutions of different origins and experience out of conviction. Currently, more than 12,000 people from 45 nations work for the Group. All committees and employees are called upon to create an atmosphere of respectful togetherness and to resolutely oppose discrimination based on race ethnicity, gender, religion or belief, disability, age, or sexual identity.

Violations of our labor standards, such as discriminatory statements or behavior, bullying or harassment, can directly affect our employees' personal rights. That is why we cooperate with **EXPOLINK**, a fully independent organization with objective personnel, that has been trained to be sensitive to these types of scenarios. Our employees can make confidential calls, use an external online portal, or send an email to EXPOLINK. This ensures that the message is neither traced nor recorded. The information to EXPOLINK will be forwarded – if requested also anonymously – to a compliance committee, consisting of the Chief Compliance Officer as well as the legal and personnel departments. This is accomplished without compromising our employees in any way. After submitting a report, the employee receives a unique code number from EXPOLINK, which can be used to track the status of the report or, if required, also provide additional information. The contact details of EXPOLINK and our Chief Compliance Officer are available to all employees on our intranet site. Among other things, Formel D has appointed a Chief Compliance Officer to monitor compliance with labor standards and other compliance officers in each subsidiary.

The managing directors of Formel D and the Chief Compliance Officer regularly have their compliance with the principles of labor standards assessed through general audits and, if necessary, through special audits. Violations of the Code of Conduct will never be tolerated and may lead to disciplinary actions depending on the severity of the violation.

As part of the NEO I event, all new employees will be trained on the principles of compliance with labor standards at Formel D starting in July 2019. As already described, we are currently revising our Code of Conduct and will expand it to include the principles of compliance with labor standards. We are also offering the NEO II program series to our executives to convey specific information about our compliance principles.

Moreover, occupational safety and health protection of employees are top priority for Formel D. Since 2016, we have been operating an internal occupational health and safety management system that is frequently checked through internal audits. The number of necessary audits per year results from the risk classification of the respective site. This ensures that we properly assess compliance with standards and effectiveness of our management system. It also monitors proper execution of defined processes and transfers best practices between the various Formel D Group locations. In 2018, we expanded this management system to meet **DIN ISO 45001:2018** requirements. At the same time, occupational health and safety aspects in the company will be further optimized. The system meets the latest requirements for safe, healthy work environments and has been tested according to the quality standards of TÜV Rheinland and certified to DIN ISO 45001:2018.

LABOR STANDARDS.
MEASUREMENT
OF OUTCOMES.

To implement effective **occupational safety management**, Formel D provides internal health and safety managers, who are coordinated by the Chief Health and Safety Officer. Nationally responsible health and safety managers are responsible for conducting workplace inspections, assessing hazards, assisting with the handling of hazardous substances, providing operating instructions, and coordinating company physicians. The Chief Health and Safety Officer is responsible for the upkeep and improvement of occupational health and safety standards in the Group and, among other things, reports all registered work accidents to the management of the Formel D Group. This report includes a description of the course of the accident, shows measures to counteract recurrence, and defines lessons learned. Management of a defined fire protection assistant and first responder structure at all Formel D locations worldwide completes occupational safety management.

Since Formel D considers people's health to be very important, the first **health day** took place in October 2018 in the QCC Troisdorf in cooperation with the health insurance company "BIG direkt gesund" and the shoe factory ATLAS. In addition to exercise tips to eliminate muscular weaknesses, foot measurement for proper fit of safety shoes was also offered. In the BIG Mobil, employees were able to have their back and abdominal muscles checked. In the subsequent evaluation, all participants also received important information for their daily routine, for example, to help eliminate muscular weaknesses or tension. The foot measurement then provided the employees with suitable safety shoes for fitting. In order to ensure that the correct safety shoes are ordered in the future, employees were given a shoe ID with their personal measurement data.

In reporting period 2018 – 2019, Formel D did not report any violations of the principles of labor standards. There were also no known cases of disregard of the labor standards by our partners and suppliers.

In the event of a violation of the principles of labor standards, we notify the management of the Formel D Group immediately. Violations of our compliance policies and measures to improve the compliance system are also reflected in our corporate compliance report for management.

Furthermore, successful externally and internally completed **quality and work safety audits** confirm compliance with the principles of compliance with labor standards in our company.

The Formel D Group received the **Fair Company Award** in 2018. For us, it is a validation of our efforts to combat discrimination during hiring processes and in the workplace. With the quality seal, the "Fair Company" action group honors the fulfillment of the two central criteria of transparency and fairness in dealing with new employees. The basis for the evaluation by Germany's largest and best-known employer initiative are recognized quality standards and verifiable rules for career starters, working students, trainees, and interns. For example, Formel D offers students internships for vocational orientation, thus providing them with versatile and informative insight into the world of work. The tasks and objectives of each internship are presented with full transparency. Each trainee also receives a permanent mentor as well as an adequate allowance and is recruited for a reasonable period of time. As a fair company, Formel D is committed to refusing internships to university graduates who are applying for a permanent position and to meeting the fair employer criteria in the future as well.

www.faircompany.de





ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY

- Principle 7** Businesses should support a precautionary approach to environmental challenges.
- Principle 8** Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9** Businesses should encourage the development and diffusion of environmentally friendly technologies.

ENVIRONMENTAL PROTECTION.

ASSESSMENT, POLICY, AND GOALS

Formel D is aware of the environmental impact of its business activities and is committed to protecting soil, water, air, biodiversity, and cultural assets. That is why the principles of environmental protection are also part of our [Code of Conduct](#) and our corporate policy.

Our corporate policy is a binding working basis for all employees and provides the framework for our integrated quality and information security management system. All managers and employees are responsible for complying with the applicable Formel D Group rules and procedures in their respective work environment as well as with national and international regulations, rules, laws, and all other agreements.

All corporate bodies and employees must prevent the occurrence of harmful environmental effects in the performance of their tasks by avoiding and reducing measures in line with sustainable management and to handle natural resources with care. Our concept of environmental protection flows into all areas and permeates all levels in our day-to-day work and ensures that environmental risks are kept to a minimum.

We strive to promote and constantly improve our environmental management system in all areas. In our business transactions, we combine economic success, social responsibility and environmental protection, and enable our clients to meet the current and future needs of society.

The requirements for environmental protection for service providers are defined in the [Supplier Code of Conduct](#) of the Formel D Group. They follow the precautionary approach with regard to environmental issues and take initiatives to promote greater environmental responsibility and the development and distribution of environmentally friendly technologies. We expect our suppliers to ensure optimum environmental protection at all stages of production. This includes a proactive approach to avoiding or minimizing the consequences of accidents that may adversely affect the environment. Moreover, our suppliers typecast and monitor general emissions from operations (air and noise emissions), greenhouse gas emissions, and production waste water prior to their release and treat them as needed to maintain optimal air and water quality. Of particular importance is the application and further development of energy- and water-saving technologies, characterized by the use of strategies for emission reduction, reuse, reprocessing, waste prevention, and the optimal use of natural resources. The adoption of our supplier code is designed to ensure that all products manufactured along the supply chain meet the environmental standards of their respective market segment. This includes all substances and materials used in production. Chemicals and other substances that become hazardous if released into the environment must be identified. A hazardous substance management has been set up so that they can be safely handled, transported, stored, reprocessed or reused, and disposed of using suitable procedures.

ENVIRONMENTAL PROTECTION.

IMPLEMENTATION.

Environmental protection is an important part of all our process steps. As part of our NEO I and NEO II induction programs, we promote a better understanding of the environment among our managers and employees in order to create the prerequisites for practical implementation of environmental management.

From July 2019, we will also incorporate this topic in our internal employee briefings, in an effort to raise awareness of environmental protection even more.

Our environmental impact is limited to the areas of our workshops, offices, and mobility. We promote and demand resource-saving consumption throughout the company in order to sustainably secure the positive development of the group. By using the best available technology and our organized processes we want to avoid malfunctions and accidents. Formel D avoids the use of print products, for example for invoicing. Thanks to electronic invoicing, we have been saving time, money, and resources since 2018. In addition, we are responding to the requirements of our customers. Another example of the implementation of environmental protection principles is the customer magazine of the Formel D Group. It is certified with the FSC seal and confirms that the paper used for it was sourced from responsible sources. In addition, all of our corporate and product brochures have been digitized since the beginning of 2018. Through our digitalization efforts, brochure printing has decreased by 91.47% between 2016 and 2019.

With careful waste separation, economical use of energy and environmentally friendly operating equipment at all sites, we actively contribute to the sustainable use of resources. For example, our operating equipment includes a solar system for the production of renewable energy in addition to the establishment of a modern, resource-saving wash system. With a total annual output of 20,000 kWh, the system on the roof of our headquarters in Troisdorf achieves four times as much energy as the average four-person household consumes (Source: Survey of the NRW Energy Agency).

We also strive to minimize the environmental footprint of our business mobility. First and foremost, we complete our business trips using by public transportation or our company car fleet, which we expanded in 2018 with an electric vehicle. The selection of suitable means of transportation for business travel is not only based on the consideration of costs and time, but we also consider the lowest possible environmental impact.

As part of its environmentally friendly activities, Formel D is actively supporting a project by the internationally active tropical forest foundation OroVerde in Guatemala. Our goal is to protect the world's most biodiverse and most endangered ecosystems. We promote the reforestation of former rainforest areas by using the ten or twenty-five year anniversary of our employees as an opportunity to plant trees according to the jubilee number. As a result, a new rainforest will emerge in just a few years. Moreover, in a joint effort with the foundation and a local environmental organization, we are building a stable water supply, training local people, and raising awareness of the significance of protecting the important tropical forests. The project covers three key areas: the protection and regeneration of forest land, the construction of a water supply, and the improvement of water quality. They are closely linked, because intact forests are a prerequisite for a secure water supply and vital for the survival of the local people. With OroVerde we have chosen a foundation that impresses with its professional and cooperative management. Closely interlinked with scientists from all over the world, OroVerde provides the necessary start-up assistance and supports those involved in the project, who with great commitment and expertise, promote the protection of the environment.

As a global service provider, we pay close attention to the requirements of environmental protection and ecological sustainability in the continuous optimization of our processes. Our environmental management system is certified according to **DIN ISO 14001:2015** at two German locations. We have designed the standardized management processes so that they can be implemented in every other Formel D location. We consider it our responsibility to contribute to sustainable climate and resource conservation. In order to check the environmental protection requirements even more rigorously, we audit compliance with energy regulations at all our German locations every five years.

For several years, Formel D has been supporting the Tropical Forest Foundation OroVerde in projects in Guatemala. In addition to the protection and regeneration of forest land, it also includes the construction of water supplies and the improvement of water quality.



ENVIRONMENTAL
PROTECTION.
MEASUREMENT
OF OUTCOMES.

With frequent auditing by internal and external auditors, we can prove that we successfully implement occupational safety, health, and environmental protection worldwide.

To ensure sustainable environmental development, environmental targets are defined for selected sites, which are audited and updated annually. Currently, we are determining the measured values of the presented key figures.



HEADQUARTERS TROISDORF GERMANY		
ENVIRONMENTAL GOALS	KEY FIGURES	MEASURES
Increasing environmental awareness of the workforce	CIP proposals per year	Establish/analyze training and suggestion systems
Reduction of specific energy consumption	kWh/employee (electricity) kWh/heated area (gas)	Employee awareness (e.g. turning off unused consumption devices)
Improvement of the database	m ³ kWh Sheet	Monthly reading of meters (water, electricity, gas); determining paper consumption

RMC KASSEL GERMANY		
ENVIRONMENTAL GOALS	KEY FIGURES	MEASURES
Increasing environmental awareness of the workforce	CIP proposals per year	Establish/analyze training and suggestion systems
Reduction of specific energy consumption	Electricity consumption per vehicle/ heating energy consumption heated area	Long-term: Measures according to results of energy audit; installation of an additional door in the STRIP area
Reduction of specific energy consumption	Water consumption/vehicle	Long-term: Procurement/installation of a more economical car wash
Reduction of the use of hazardous substances	Substance use/vehicle	Training on the quantity used/frequent replacement testing
Reduction of fuel consumption (delivery vehicles)	Fuel consumption per km	Training on economical driving
Increase in the proportion of unsealed areas	Unsealed area to the entire property area	Long-term: Consideration when setting up new parking areas
Reduction of paper consumption	Paper consumption/year (Administration)	Introduction of the digital service plan
Optimization of the disposal concept	Ratio of waste to reuse/ total amount of waste	Drafting of a disposal concept

SOCIAL RESPONSIBILITY.

ASSESSMENT, POLICY, AND GOALS

We assume responsibility and actively shape the future through the targeted support of social and sustainable projects as well as the promotion and development of our employees.

CSR with a focus on environmental protection and social responsibility is integrated in our corporate structure as a fixed position and as a task area. Every year, a large number of projects are initiated, coordinated, and implemented in this area. In addition to long-term partnerships, new projects on current topics are added every year. All projects/partners are periodically checked for their seriousness/sustainability. As an internationally operating company, the relevant plans of our subsidiaries are also reviewed worldwide every year in order to be able to support them actively when needed or, if necessary, to question aimless projects and guide them toward a social commitment appropriate for Formel D. Topics involving employee events, employee development, onboarding of new employees as well as the relaunch of values are supervised by our Human Resource Management.

FORMEL D GUIDELINES | VALUES

The Formel D guiding principles/values have existed since 1998 and were last revised in 2008. In 1998, Formel D had 1,400 employees. Today, with more than 12,000 employees, the Group has changed drastically. This prompted us to question our guiding principles/values 2019 once again and to adapt them together with our employees. Then and now, the values of the company were defined by employees of different nations and hierarchy ranks for employees. The result is not a reinvention, but rather a sort of update. Although Formel D has grown enormously in recent years, our core values have remained the same. This reinforces our belief that only values that are developed by employees and are practiced on a daily basis are also sustainable.

Our values are the guidelines for our daily work!

In an increasingly dynamic, unpredictable, and contradictory world, goodwill becomes increasingly important and serves as a guide to our choices and behavior.

In April 2019, the new values were communicated globally and supported by posters, brochures, a video message from our top management as well as a PowerPoint presentation with key questions in the local language for training purposes. All this is available at any time for all employees on the Formel D intranet. Each supervisor is required to discuss the new values in detail with his employees and to have them actively incorporated into their daily work. In addition, the new values are regularly presented to new employees as part of our NEO I and NEO II induction program and integrated into our leadership training "Leadership Essentials".

Excerpt from our canon of values:

- We entrust our employees with responsibility.
- We continually develop our employees for the future.
- We share ideas and expertise across the globe.
- We think global but respect regional and cultural practices.
- We offer career opportunities all over the world.
- We stand for diversity.
- We take responsibility for others.
- We act responsibly and with integrity.
- We appreciate and treat everyone with respect and help one another.
- We address problems and find solutions together.
- We take social and ecological responsibility.
- Together we are Formel D!

EMPLOYEES

Appreciation, tolerance, and mutually respectful interaction are fundamental to a company that has more than 90 offices worldwide in 22 countries and works with more than 12,000 people from 45 nations in intercultural teams. The cultural diversity with diverse linguistics and social backgrounds promote our innovative strength and make the company fast, innovative, flexible, and therefore sustainable.

EMPLOYEE DEVELOPMENT AND PROMOTION

Internal employee development and demand-oriented training for our employees are important components of Formel D's success strategy. In our QM system, which meets the requirements of the **DIN EN ISO 9001:2015** standard, the continuous qualification of employees is manifested as a goal. Orientation of the training measures in the individual fields of development plays an important role:

- Training Demand Analysis | yearly
- Succession Planning Process | Potential Assessments
- Formel D values and competences
- Onboarding

EMPLOYEE EVENTS

With sports, we strengthen communication, convey values, and promote solidarity as well as international exchange. These objectives and of course a lot of fun, such as the soccer tournament and the company runs, are the focus of employee events. The soccer tournament is centrally organized and financed and is a wonderful opportunity for employees from different sites (across Europe) to exchange ideas and strengthen co-operation beyond the professional context. Interested employees get the necessary support to organize the company runs and receive matching, personalized Formel D running shirts. The team spirit of the employees is a valuable asset for Formel D. For this reason, events like these are particularly encouraged. Decentralized events, such as summer and Christmas celebrations, etc., strengthen the community and show appreciation to our employees.



Quality



Entrepreneurial mindset



Future



Global proximity

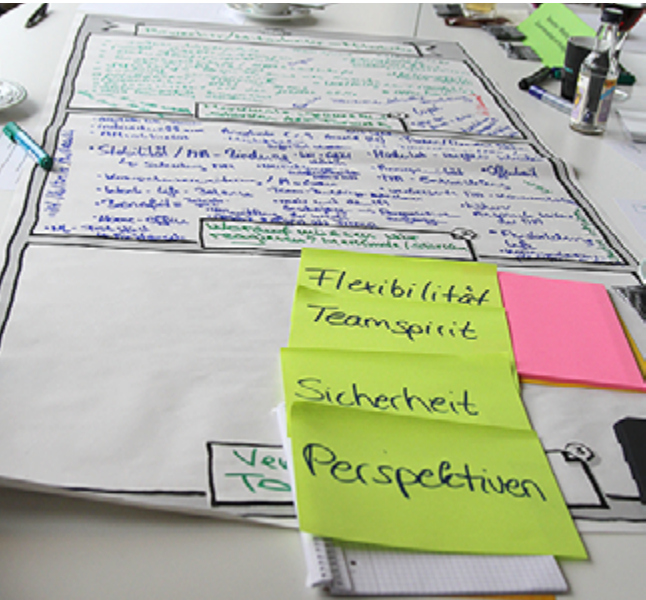


Responsibility

SOCIAL RESPONSIBILITY. IMPLEMENTATION.

FORMEL D GUIDELINES | VALUES

Identification with the company is achieved, among other things, by the newly revised Formel D value canon. Since company values are only filled with life when as many employees as possible share these principles, it was particularly important for Formel D to involve numerous employees from various positions, areas, and regions in the development. The updating was initiated because much has changed since the last revision of Formel D values, such as employee headcount, growth and globality, as well as in the industry and throughout the working world.



EMPLOYEE DEVELOPMENT AND PROMOTION

The annual performance reviews include the joint identification of personal development areas. Agreed training courses are documented in the training plan in order to develop, motivate, and retain employees for the long term. In addition, internal career opportunities are a valuable tool for employee loyalty and potential development. Employees can browse the internal job portal without obligation to look for new challenges or interesting activities within the Formel D Group. Generally, our **training** and **digital learning formats** are available to all Formel D employees worldwide on the intranet and can be used after consultation with supervisors.

Excerpt from our development programs and courses

- Leadership Development Program | Virtual and in person
- Global Program PMQ | PM Qualification Program
- Training courses (29 courses in Germany alone in 2018)
- Formel D Training Academy
- "Train the Trainer" | International
- New Employer Onboarding Program | NEO I and NEO II

NEW TALENT DEVELOPMENT

Moreover, the promotion of young talents is important to us. Formel D trains apprentices in the fields of automotive mechatronics, merchant for office management and IT specialist for system integration. With regard to dual degree programs, Formel D cooperates with various higher education institutions such as the FOM, the EUFH, and the FHDW. As a training company, our commitment to human resources was honored with the Fair Company Award. The quality seal is awarded to companies that comply with recognized quality standards and verifiable rules when dealing with new employees. Fair Company is the largest and best-known employer initiative in Germany. It focuses especially on young professionals, trainees, working students, and interns.

www.faircompany.de

COMPANY PENSION PLAN

Formel D is aware of its social responsibility and supports its employees in their retirement provision with financial subsidy.



EMPLOYEE EVENTS

Numerous employee events complement our commitment to human resources. As part of nation-wide company runs in Germany, Formel D pays for the participation fee and provides employees with an individual running shirt. Fun and joy in the joint movement and team spirit are in the foreground. At the traditional soccer tournament, to which all European national companies are cordially invited, the teams can show off their soccer skills and play with team spirit for the coveted challenge cup. Whether as a player or a spectator, all employees are invited.

EMPLOYER ATTRACTIVENESS

Several awards highlight the positive status of Formel D as an employer. In a public opinion poll by BILD in cooperation with the Cologne Institute for Analysis ServiceValue GmbH on employer attractiveness, Formel D received the rating "very high employer attractiveness" and is thus one of Germany's best employers. The survey covered a total of 2,158 companies in North Rhine-Westphalia. In addition, in August 2018, Formel D scored high as an employer in the focus study "Top Career Opportunities for University Graduates" and was named test winner in the "Automotive Suppliers" category.

STAR CARE E. V.

We particularly care about the well-being of sick and disadvantaged children as well as children with social emergencies. As part of a partnership with the non-profit organization Star Care e. V., Formel D supports local social projects throughout Germany. With a lot of passion, dedication, and fast unbureaucratic help, members and partners promote, among other things, medical facilities, institutions for the disabled and children's homes. Founded in 1999 as a non-profit association in Stuttgart, the network now has 25 members who are personally and voluntarily engaged. Around 30 partner companies, private individuals and external friends are committed to the association. The proceeds from Star Care campaigns, events and donations will benefit children in need. In June 2019, we support the STAR CARE Charity Golf Cup in Stuttgart, whose donations benefit the state school sports festival for the blind and visually impaired in Baden-Württemberg and Bavaria.

www.starcare.de

25 YEARS DRIVING IDEAS FORWARD

In the anniversary year 2018, Formel D introduced the motto "25 years | Driving ideas forward" several charity campaigns for social and sustainable organizations. For example, the group gave away a large number of bobby cars to regional daycare centers, making the hearts of little "motorists" beat with excitement.



Moreover, with the support of Formel D, several hundred additional trees were planted in the rainforest of Guatemala through the partner organization OroVerde – an active contribution to climate change. The number of trees planted in the course of this cooperation has already grown into a considerable forest. Furthermore, Formel D organized a nationwide DKMS typing campaign for its employees, which took place at several branches of the Group.



SOCIAL-BEE
Since 2018, we have been cooperating with the non-profit start-up Social-Bee, which helps refugees integrate into the labor market. In doing so, Social-Bee acts as an interim employer and supports the participating companies in the administrative burden.
Last year we were able to integrate refugees from Iraq, Eritrea, and Afghanistan into our projects.
www.social-bee.de

"RAYS OF HOPE" CAMPAIGN
Regional activities, for example the "Rays of Hope" campaign ("Aktion Lichtblicke") for Christmas, complement our social commitment.
www.lichtblicke.de

OTHER MEASURES IN 2019
In 2019, among other things, an employee blood donation campaign and another project for refugee aid are planned.

SOCIAL RESPONSIBILITY.
MEASUREMENT
OF OUTCOMES.

As a result of the careful selection of our partners, foundations, etc., there were no known cases of misuse of our donation funds in the reporting period 2018 – 2019.

If it should ever be the case that funds are not used for the agreed purpose, the organization is discredited for various reasons, or projects or events do not serve the set social objectives, we will stop any cooperation immediately or suspend the current project or the current event and take care of an adequate replacement in the short term.

FORMEL D GUIDELINES | VALUES
By the end of May 2019, the first tracking of value integration took place. In April 2020, we will evaluate the implementation of our new values.

EMPLOYEE DEVELOPMENT AND PROMOTION

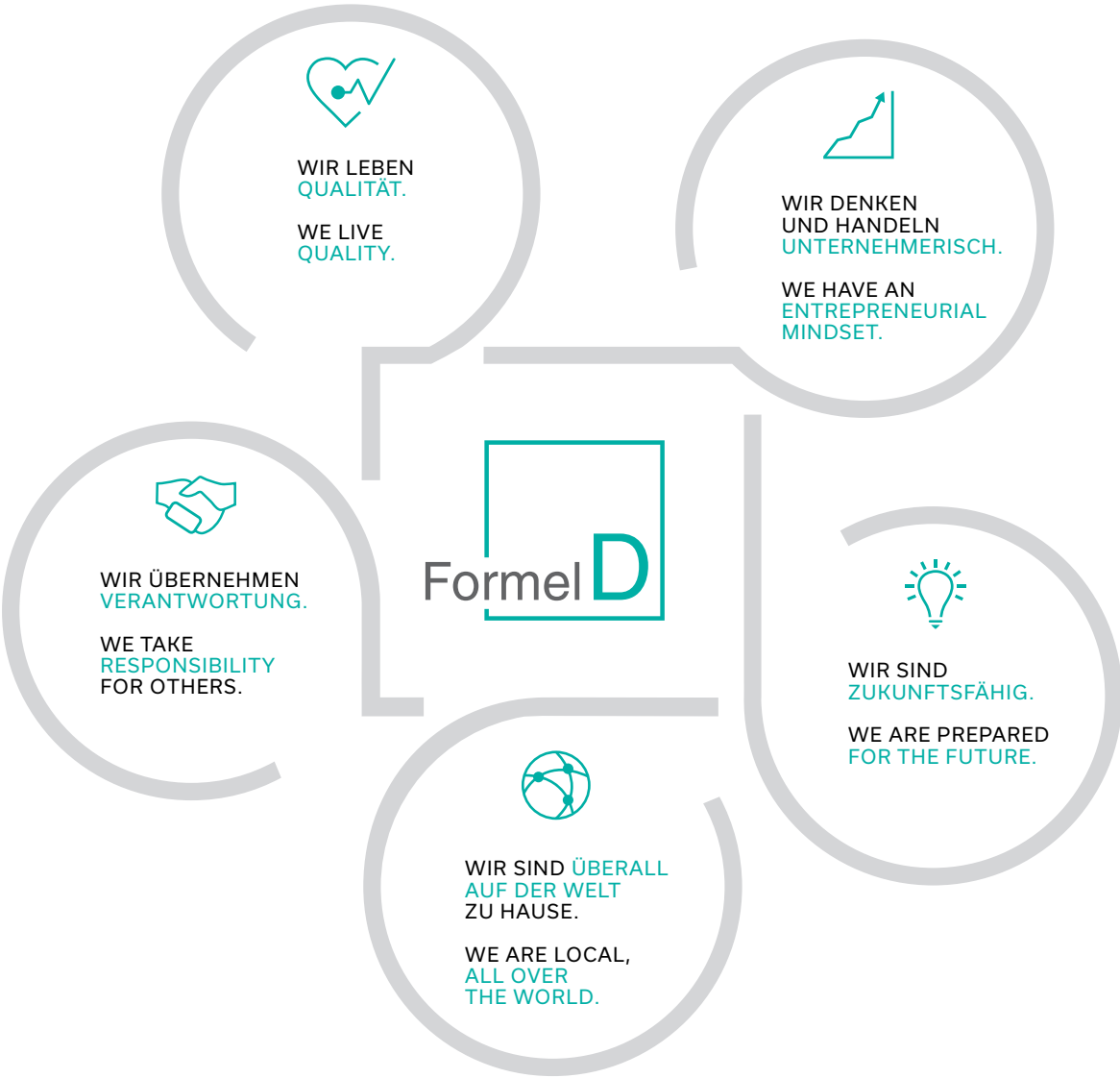
- Tracking of onboarding and performance review process through annual measurement of implementation
- Qualitative Measurements | Review in internal and external audits
- Performance Review | Performance Management
- Training is measured through knowledge tests and practical exams.

EMPLOYEE EVENTS

- Active collection of employee/participant feedback.

SOCIAL PROJECTS

- Reporting and feedback of project partners
- Online tracking of projects and project partners
- Regular, active review of projects and project partners



PROCESS FOR ANALYSIS AND PLANNING OF EMPLOYEE DEVELOPMENT

PERFORMANCE – RETENTION – EFFICIENCY – SATISFACTION – LEADERSHIP SKILLS & CULTURE			
ANALYSIS	PLANNING	MEASURES & PROGRAMS	ANALYSIS
FD Values & Competencies	Onboarding Plan	Onboarding Programm	Effectiveness Assessment
Qualification Matrix	Qualification Plan	(Virtual) Leadership Trainings	Tests
Selected Job Profiles	Employee Appraisal	(Virtual) PMQ Programm	Evaluation Sheets
Employee Appraisals Career Conversations	Annual Training Demand Analysis	Other (Virtual) Trainings	Onboarding Plan Tracking
Onboarding	Success Planning Process	(Virtual) Fireside Evenings	Employee Appraisal Tracking
Online (Potential) Assessments		Coachings	Tracking Qualification Plans
Management Appraisals Process		On The Job Training	
Succession Planning Process		International Assignments	
		Job Enrichment Promotions	

ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.



FIGHT AGAINST CORRUPTION. ASSESSMENT, POLICY, AND GOALS

Formel D does not tolerate corrupt and other unlawful behavior (zero tolerance).

We expect our managers, employees, and business partners to refrain from corrupt behavior in every country.

This is also documented in our [Code of Conduct](#) and in our antitrust regulations. Any appearance of bribery or corruption must be avoided. The [Anti-Corruption Policy](#) defines specific conduct.

We expect our employees and corporate bodies to refrain from using any corrupt or other unlawful practices. All Formel D officers and employees are instructed not to provide personal benefits (gifts, entertainment, etc.) to domestic or foreign public officials, employees or agents of other companies, even if the benefits are of little personal value. There is a general ban on active and passive bribery. Furthermore, we prohibit unauthorized payments to employees or agents of other companies, either directly or indirectly, in order to be unfairly favored in business dealings. No personal benefits in connection with official duties may be demanded or accepted.

Gifts, entertainment, and other personal benefits can only be provided to employees or agents of other companies if the total value and the particular circumstances do not give the impression that the recipient is expected to behave in a certain way because of the benefit. In this case, the specific circumstances of the individual case are important, which are supposed to assess the social appropriateness or even necessity of granting the benefit, the value of the benefit, the frequency at which benefits are awarded to the recipient, and the position of the recipient within our company.

Gifts, entertainment, and other personal benefits must never be secretly granted and must always be sent to the recipient's official business address. Transparency is important! In no case may our employees give away cash or cash equivalents. Before an invitation is issued or a gift is presented, it must be ensured that the recipient can legitimately accept the benefit.

In dealing with all service providers of Formel D, it should be noted that a written agreement to prevent corruption should be signed off by the service provider. This agreement must specify the services to be provided by the service provider and the remuneration to be paid in detail and in precise language. This also means that at the time of signing the agreement, the compensation to be received by the service provider must be accurately documented in numbers and percentages in the agreement. The subsequent cooperation between Formel D and the service provider must also be documented in writing.

Because sustainable development in our supply chain is important to us, we have integrated our anti-corruption regulations in the [Supplier Code of Conduct](#). It stipulates that our suppliers must comply with all applicable national and international rules of antitrust law and trade controls. Furthermore, we expect them to counter corruption and bribery, thereby ensuring that personal relationships do not affect business. Our suppliers must abstain from any form of money laundering activity.

We also have Codes of Conduct of our customers. They were confirmed by our Chief Compliance Officer. They must be taken into account and adhered to by all employees in projects with the respective customers.

FIGHT AGAINST CORRUPTION. IMPLEMENTATION.

Formel D does not make any unjustified payments to corporate bodies, employees and representatives of other companies, either directly or through service providers.

Since corrupt behavior can lead to severe sanctions for the individuals involved and for Formel D, we monitor compliance with laws and internal regulations as part of compliance management. Formel D has **introduced a compliance program**, which among other things is expected to help avoid violations of our anti-corruption regulations. The compliance program also includes the anti-corruption guidelines, which every employee has received with his employment contract and must acknowledge and observe.

In order to facilitate the implementation of our compliance rules in everyday work life for our employees and to provide practical examples, we have been providing training documentation since 2015. This training format teaches the fundamentals of anti-corruption measures and describes typical situations in which conflicts in everyday work life could lead to compliance issues. This tool is available in German as well as in English for all Formel D locations. In addition, new executives undergo training on compliance guidelines at Formel D as part of NEO II training.

In order to protect Formel D and its employees as well as corporate bodies from these disadvantages, the avoidance of actually corrupt behavior alone is not enough. Even just the appearance of possible corrupt behavior should be avoided at all cost. In order to avoid the suspicion of corruption and the associated consequences, the regulations of our [Anti-Corruption Policy](#) must be observed.

For the organization, Formel D has appointed a Chief Compliance Officer and a Compliance Officer. In cases of doubt or suspicion of corrupt behavior, the employee must contact one of the two contact persons. Moreover, Formel D has introduced value limits and approval requirements, which require the approval of the responsible Chief Compliance Officer or Compliance Officer. Gifts, invitations to events, or other benefits up to a value of EUR 30,- do not require approval. If the value exceeds EUR 30,- prior approval of the Chief Compliance Officer or the Compliance Officer is required. Invitations to business lunches up to an amount of EUR 50,- are approval-free. Amounts above EUR 50,- require the permission of the Chief Compliance Officer or the Compliance Officer. The granting of a gift and the name of the recipient must be reported to our Compliance Officer. The compliance officers keep a list of the gifts and recipients within their area of responsibility. The responsible compliance officer must document the granting or refusal of an approval with the name of the requesting person and the request.

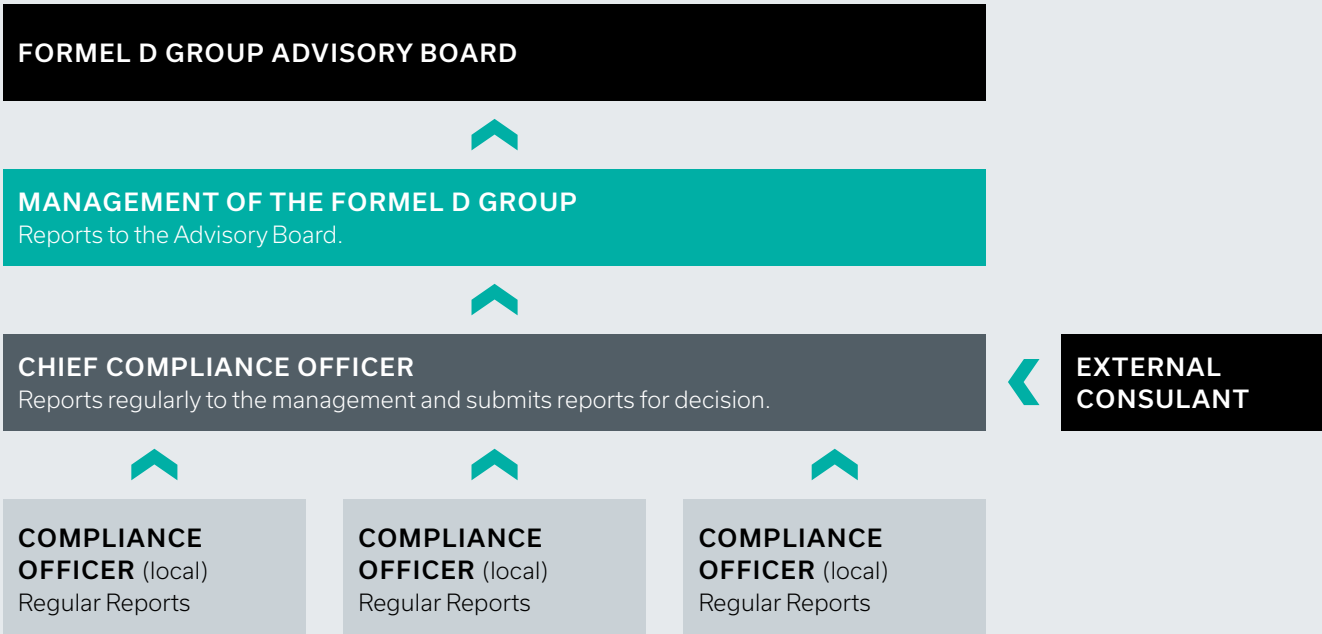
FIGHT AGAINST
CORRUPTION.
MEASUREMENT
OF OUTCOMES.

The corporate bodies of Formel D are responsible for the fulfillment of all regulations of the [Anti-Corruption Policy](#) within their company. Compliance with the policy will be reviewed, both through a general review and, if necessary, through special audits. However, these measures do not exempt Formel D employees and corporate bodies from their duties under this policy.

Violations of anti-corruption principles, including participation in concealing violations, can have work-related consequences. That is why Formel D expects the corporate bodies and employees to report violations.

The central control and reporting of the compliance principles is clearly regulated at Formel D. Individual incidents are independently and directly reported to the management so that they can take appropriate action.

COMPLIANCE MANAGEMENT | REPORTING



ANNEX.
CODE OF CONDUCT OF THE FORMEL D GROUP.
REVISION: 7 | LAST UPDATED: JUNE 19, 2019

PREAMBLE

Dear colleagues,

The success of the Formel D Group (hereinafter also "Formel D") strongly depends on the integrity of the organs (i.e. especially managers, members of the supervisory board, members of the advisory board and associates) and employees¹ of the group. After all, integrity is the key for the reputation and economic success of a global company. A crucial element of integrity is proper conduct in daily business operations and company routine. As a globally active company, Formel D must consider numerous national and international regulations. Any violation of such regulations must be avoided by all means. After all, even supposedly minor statutory violations by organs and employees may affect Formel D's reputation immensely and cause great harm (including financial harm) to Formel D. Furthermore, statutory violations may also have serious personal consequences for you as an organ and employee. Therefore, we expect you as Formel D organs and employees to consider and implement this code of conduct completely in your everyday routine. Mere formal compliance with the code of conduct does not meet Formel D's requirements. For any further questions concerning this code of conduct, the competent compliance officer and chief compliance officer are your primary contact persons.

1. RESPECTING APPLICABLE LAW AND OTHER REGULATIONS

For us, it goes without saying that all organs and employees within the Formel D Group's companies comply with the laws and other relevant regulations of the states in which they are active. We expect the same from our business partners. If legal provisions or other regulations of a country in which Formel D is active differ from this code of conduct, the stricter provisions always apply.

2. CONFLICTS OF INTEREST

Formel D expects its organs and employees to be loyal towards the company. Therefore, they must avoid situations in which their personal and financial interests interfere with the interests of Formel D. Specifically, they are prohibited from participating in the business of competitors, suppliers or clients or from entering business relations with them in a private environment, if the mode and scope of such participation could influence their work for Formel D in any way. Participation primarily means any economic involvement with competitors, suppliers, or clients. Furthermore, this includes all cases of considerable collaboration, such as taking on mandates, entering advisory relations/contracts, or similar contracts.

3. CORRUPTION

As an organ or employee of Formel D, you may not grant any personal benefits to national or international officials (gifts, invitations, etc.), even if those benefits are of low personal value. As an organ or employee, you may also never offer or grant personal benefits to organs or employees of another company or a third party in the context of business activities nor claim or accept personal benefits from these persons in the context of business activities. Please note that even any sign of bribery or bribability must be avoided by all means. Details and specific rules of conduct can be found in the "anti-corruption" policy. You will find them on the Formel D Intranet.

¹For ease of reading, the following text only uses the terms "organs" and "employees". These include women and men.

4. COMPETITIVE BEHAVIOUR

It is part of Formel D's company policy to promote and ensure fair competition. Formel D rejects any anti-competitive behaviour.

In particular, avoid illegal agreements, such as price fixing, agreements on market shares, allocation of regional markets, and resale price maintenance. Avoid exchanging views about confidential or competition-relevant content in all encounters with competitors. Please be aware that a violation of competition regulations is under no circumstances in the interest of Formel D and therefore must be refrained from without exception.

Details and specific rules of conduct can be found in the **"cartel law" policy**. You will find them on the Formel D intranet.

5. INTERNATIONAL TRADE

Formel D is aware of its responsibilities in global trade. Formel D's legal provisions for products and services in international trade are binding. Formel D especially complies with all provisions concerning export control, such as the prohibition of business contact with persons and countries listed in embargo regulations.

6. HANDLING INTERNAL KNOWLEDGE, CONFIDENTIALITY

As organs and employees of Formel D, it is your duty to ensure a fast and smooth exchange of information within the company. Any knowledge that is relevant for the job may not be refused, distorted, or forwarded selectively without a justifying reason. Information must be forwarded to other areas properly and completely, unless exceptional priorities exist (e.g. confidentiality agreements).

Business and company secrets must always be treated with confidentiality. This is also true for other kinds of information (e.g. technical data, financial data, operational data, client information), the secrecy of which is not in the interest of Formel D nor its contract partners or clients. Such information may only be used for legitimate purposes in the interest of Formel D and not be forwarded to an external third party without permission. This obligation exists independently, i.e. alongside possible confidentiality agreements entered with individual contracts. It also survives the termination of the service or employment relationship.

7. DATA PROTECTION

As organs and employees, you have the duty to comply with the existing legal and operational principles for the protection of data of employees, clients, and investors. In order to protect personal data, the necessary care must be applied in the context of the assigned task. Personal data may only be obtained, stored, processed, or otherwise used on a legal basis, or with the consent of the person concerned.

If any shortcomings are detected, they must be immediately reported to the manager or competent data protection officer. Details and specific rules of conduct can be found in the policy on data protection. You will find them on the Formel D Intranet.

8. DOCUMENTATION OF BUSINESS TRANSACTIONS

All business transactions must be documented completely and properly in compliance with legal provisions and other provisions and processes which are applicable for Formel D in a way that is comprehensible to a third party.

9. HANDLING OF COMPANY PROPERTY AND ASSETS

As organs and employees, you have the duty to treat the property and assets of the company appropriately, economically, and responsibly in all respects. Formel D's material and immaterial assets may only be used for company purposes, unless stated otherwise in individual cases or in general company regulations. No organ or employee is permitted to use economic assets and services of the company in an inadmissible way in private

10. RESPECT HUMAN RIGHTS

Formel D respects human dignity and is committed to maintaining and protecting human rights. As organs and employees, it is your duty to ensure compliance with these universal rights. This not only applies for cooperation within the company but also for interaction with dialogue partners.

Formel D does not tolerate child labour or any kind of exploitation of children and adolescents. The minimum age for being hired may not be below the age at which compulsory education ends and in no case below 15 years.

Formel D rejects any kind of forced labour. No employee or organ must be directly or indirectly forced to work by means of violence and/or intimidation. People may only be employed if they accept employment of their own free will.

11. TREATING EACH OTHER WITH RESPECT AND PROHIBITING DISCRIMINATION

The diversity of our employees offers great potential. Therefore, Formel D employs people and organs of different origins and levels of experience due to their sense of conviction. All organs and employees are asked to create an atmosphere of respect and vehemently fight any discrimination for reasons of race or ethnic background, sex, religion or ideology, disability, age, or sexual identity.

12. SAFETY AND HEALTH

All organs and employees must help to maintain a safe and healthy work environment. Strict compliance with the safety regulations and practices is an essential precondition for our business activities. It is your duty to report any violation of these principles to the competent authorities of the company immediately. Possible shortcomings must be remedied immediately.

13. ENVIRONMENTAL PROTECTION

Formel D is aware of the ecological consequences of its business activities and undertakes to protect soil, water, air, biodiversity, and cultural assets. All organs and employees must prevent damaging effects to the environment from arising when fulfilling their tasks, applying preventive and reducing measures for a sustainable economic management, and must deal carefully with natural resources.

14. INTERNAL COMPLIANCE ORGANISATION

Formel D has appointed a Chief Compliance Officer as well as, in its affiliates, further Compliance Officers, in order to monitor the principles stated in this code of conduct, among other reasons.

The contact details of the Chief Compliance Officer and the Compliance Officer are given on the Intranet at Start Up/ Compliance.

Evidence of violations of this code of conduct or of policies referred to herein, as well as other evidence or suggestions concerning this code of conduct or other aspects of compliance, can be reported to the Chief Compliance Officer or any Compliance Officer.

15. COMPLIANCE WITH THE CODE OF CONDUCT AND IMPLEMENTATION OF SUSTAINABILITY REQUIREMENTS

When it comes to the compliance and implementation of this code of conduct, organs, and other managers of Formel D bear a special responsibility. They are obliged to communicate the meaning and content of this code of conduct to the employees, to serve as an example and to support them in its implementation. The organs and other managers are responsible for ensuring that the employees comply with the code of conduct. Thus, they also monitor their compliance.

Furthermore, the managers of Formel D GmbH and the Chief Compliance Officer will monitor the compliance with this code of conduct by means of general controls as well as, if necessary, special controls. Violations of the code of conduct will under no circumstances be tolerated and may affect service and employment relations depending on the seriousness of the violations. As a forward-looking, global company, we attach particular importance to a resource-efficient approach throughout the work process. On the basis of our company-internal sustainability principle, which includes social and ecological commitment as well as sustainability, we align our daily activities.

ANNEX.

SUPPLIER CODE OF CONDUCT OF THE FORMEL D GROUP.

REVISION: 3 | LAST UPDATED: MAY 28, 2019

PREAMBLE

For the choice of new suppliers and the assessment of new and existing supplier relations, Formel D attaches great importance to the economic criteria as well as to environmental protection, protection of human rights, work and social standards, anti-discrimination, and anti-corruption requirements. We combine economic success, social responsibility, and environmental protection with our business operations. Therefore, we make it possible for our customers to fulfill the current and future requirements of the society. We combine our strengths with the competence of our suppliers and use every opportunity that allows us to establish a sustainable development. This also includes that we expect our suppliers and their sub-suppliers to comply with all existing legal requirements and to pay attention to the international environment, social, and corporate governance standards. We especially expect from our suppliers that they implement the following standards which are based on the 10 principles of the Global Compact Initiative of the United Nations.

1. ENVIRONMENT

- You proceed according to the precautionary principle regarding environmental problems. You undertake initiatives to promote a more responsible approach to the environment and the development and distribution of environmentally friendly technologies.
- You ensure optimal environmental protection in all phases of production. This includes a proactive approach to avoid or minimize the negative impact of accidents on the environment.
- You classify and monitor the general emissions from operational processes (air and noise emissions) as well as greenhouse gas emissions and production wastewater prior to their release and process them as appropriate in order to achieve optimum air and water quality.
- In this context, particular importance is attached to the application and further development of energy- and water-saving technologies – characterized by the application of strategies for emission reduction, reuse, recycling, waste prevention, and the optimized use of natural resources.
- You ensure that all products manufactured along the supply chain meet the environmental standards of their respective market segments. This includes all materials and substances used in production. Chemicals and other substances that pose a hazard when released into the environment must be identified. A hazardous substance management system has been set up for them so that they can be safely handled, transported, stored, reprocessed, or reused and disposed of through appropriate procedures.

2. CONFLICTS OF INTEREST

- You support the protection of internationally declared human rights. This also implies minimum wage and working hours.
- You fight against compulsory labor, child labor, and discrimination at the workplace.
- You support the right of association and the right of collective bargaining.

3. GOVERNANCE

- You adhere to the national and international rules of the antitrust law and the trade control.
- You prevent corruption and bribery to ensure that personal relations do not influence business activities.
- You refrain from all kinds of money laundering activities.

4. TRUST

Our business relation with you is based on trust and respect. You can also prove the above mentioned principals with your own code of conducts or your own company policy. Nevertheless, Formel D reserves the right to review with one of the following methods if you stick to these standards, as well as to take further action if there is cause for concern:

- **Self-assessment:**
We reserve the right to ask you to fill out a questionnaire for compliance with the above standards.
- **Evaluation by third parties:**
We reserve the right to request third parties – for example data suppliers – to provide desk top information regarding compliance the above standards
- **Certificates/opinions:**
We reserve the right to ask you for a certificate or an opinion which confirms compliance with the above standards.
- **On-site audits:**
We or a third party commissioned by us may ask you to provide proof of compliance with the above standards on site of your business

It is important to us to ensure the principles of sustainable development in our supply chain.
You are part of this supply chain – Formel D counts on you!

ANNEX.

CODE OF ANTI CORRUPTION POLICY
OF THE FORMEL D GROUP.

REVISION: 7 | LAST UPDATED: JUNE 21, 2019

1. INTRODUCTION

We, Formel D GmbH and its affiliates (hereinafter together "Formel D"), apply the laws of all countries in which we are active. We reject corruption and other illegal behaviour and do not tolerate this type of behaviour. We expect you, Formel D's organs and employees, not to engage in any corruptive practices of any kind or other illegal activities. We expect the same from our business partners.

2. POSSIBLE CONSEQUENCES OF CORRUPT BEHAVIOUR

Active corruption (bribery, granting of benefits) and passive corruption (bribability, acceptance of benefits) are felonies. Corruptive behaviour can lead to severe sanctions and other serious consequences for the people involved and for Formel D. The authorities have been prosecuting cases of corruption with increasing intensity. The risk of being caught and punished is high.

In order to protect Formel D as well as its employees and organs, it is not enough to prevent actual corruptive behaviour alone. We even want to prevent any sign of possible corruptive behaviour. In order to prevent even the slightest hint of corruption and the related disadvantages, the provisions of this policy must be respected carefully.

3. PROVISIONS FOR THE PREVENTION OF PASSIVE CORRUPTION

As organs and employees of Formel D, you may only accept personal benefits (e.g. restaurant or event invitations, gifts, personal discounts, or other benefits) from existing or possible future business partners for yourself or a person close to you (e.g. spouses, life partners, relatives, friends) if no impression can arise that something is expected from you in return. This even applies if you do not change your behaviour towards a business partner, i.e. if the benefit does not influence your behaviour.

For your own safety, Formel D has introduced the following value limits:

Recipient

- Organs and employees of the Formel D Group

Gifts, event invitations and other benefits

- Up to EUR 30,- without authorisation
- More than EUR 30,- only with prior written consent of the responsible compliance officer or chief compliance officer

Invitations to business lunches

- Up to EUR 50,- without authorisation
- More than EUR 50,- only with prior written consent of the responsible compliance officer or chief compliance officer

The competent Compliance Officer must document the granting or refusal of an authorisation (see chart), mentioning the enquirer as well as enquiry.

Furthermore, the following must be noted:

- Benefits may never be accepted in secret.
- You may not accept gifts or other benefits which are sent to your private address or to a person close to you.
- Cash or cash equivalents (e.g. vouchers) may not be accepted on any account.
- Invitations to events or business lunches in institutions that potentially harm the company's image or that are dubious in any way may not be accepted.
- If you receive goods or services from suppliers, clients or other business partners for private purposes, you must pay the current price and document the payment.
- If it is unclear whether a benefit may be accepted, the competent compliance officer must be consulted prior to acceptance.

4.PROVISIONS FOR THE PREVENTION OF ACTIVE CORRUPTION

4.1. INVITATIONS, GIFTS AND OTHER BENEFITS; VALUE LIMITS

Offering, promising, or granting personal benefits (e.g. invitations to restaurants or events, gifts, personal discounts, or other benefits) to employees or representatives of other companies or persons close to them (e.g. spouses, life partners, relatives, friends) is only allowed if the total value of the benefit and the specific circumstances do not convey that a certain behaviour is expected from the recipient in return.

Whether this is the case depends on specific individual circumstances, especially on the following factors:

- Value of the benefit
- Frequency of granted benefits
- Position of the recipient within their company
- Social appropriateness or even necessity of the granted benefit (e.g. presenting flowers at an invitation)

Furthermore, the following must be noted:

- Benefits may never be accepted in secret.
- Invitations, gifts or other benefits must always be sent to the recipient's official business address, not the private address.
- On no account may cash or cash equivalents (e.g. vouchers) be given as a present.
- No invitations to events or business lunches in institutions that may potentially harm the company's image or that are dubious in any way may be made.
- Some countries and companies prohibit their organs and employees from accepting invitations or gifts at all. Other countries and companies provide value limits for benefits to be accepted by organs and employees. Before making an invitation or presenting a gift, it must be ensured that the recipient can legitimately accept the benefit.
- The Compliance Officer must be informed about the granting of a gift and the recipient's name. The Compliance Officers keep a list of gifts and recipients for their field of competency.
- If it is unclear whether a benefit may be granted, the competent Compliance Officer must be consulted first.

4.2. STRICTER REGULATIONS FOR CONTACTS WITH OFFICIALS

The anti-corruption legislation of many countries involves strict regulations regarding home and foreign officials (civil servants, elected representatives, soldiers, or other public officials). In some countries, like Germany, granting personal benefits is prohibited, even if the benefits are of low value and would be acceptable if they were granted to employees or organs of a company. Against this backdrop, Formel D and its organs and employees do not grant personal benefits to home and foreign officials, even if they are of low value.

4.3. NO FACILITATION PAYMENTS

In some countries, it is common to make payments to public officials on the working level in order to accelerate official acts one is legally entitled to. These so-called facilitation payments are illegal in most cases and countries, including Germany. Therefore, Formel D and its organs and employees do not make any facilitation payments.

4.4. RELATIONS TO SERVICE PROVIDERS

When dealing with any service provider, the following must be considered:

Before any service provider may work for or on behalf of Formel D, a written agreement with the service provider must be signed. This agreement must state the services and payments to be performed by the service provider in great detail. This also means that the compensation of the service provider must be exactly documented in numbers or percentages (e.g. with provision for the purchase price) in the agreement upon signing.

The subsequent collaboration of Formel D and the service provider must also be documented in writing.

Convincing documents proving the service provider's activity (e.g. activity reports of a sales representative on their calls on customers, etc.) must be provided. Please note in this context that it is not enough to only provide the service provider's bills without further evidence of the actual service provision.

ANNEX.

CARTEL LAW POLICY OF THE FORMEL D GROUP.

REVISION: 6 | LAST UPDATED: DECEMBER 18, 2017

4.5. PAYMENTS BY FORMEL D

Formel D does not make any payments to organs, employees or representatives of other companies, neither directly nor via service providers. Even if such payments may be common in some countries, they are still illegal and not accepted by Formel D.

All payments to clients (as well as their organs and employees) must be documented in such a way that, in case of official investigations, Formel D can prove that the payments complied with the conditions stated in Appendix 1 and that the payments to the client were legitimate and not kickbacks (i.e. payments, loans and other services granted directly or indirectly by an employee or a representative for the purpose of gaining or paying for a benefit in the context of a business or contractual relationship).

5. DONATIONS

Donations to political parties or their representatives are prohibited. Other types of donations, e.g. to promote science and research, arts, culture, sports, or to support social or charity work, must always have the chief compliance officer's prior consent. Every donation must be entered into the books in a way that clearly states the recipient as well as the intended purpose.

6. COMPLIANCE WITH STRICTER REGULATIONS

The legislation of individual countries may provide stricter regulations for the prevention of corruption than this policy. In such cases, the stricter regulations must be applied. Inversely, if the regulations of this policy are stricter, this policy must be applied.

7. RESPONSIBILITY AND CONTROL

Formel D's organs are responsible for the implementation of all regulations of this policy within their companies. Compliance with this policy will be monitored with general controls as well as special controls, if necessary. These measures, however, do not release Formel D's employees and organs from their obligations arising from this policy.

8. CONSEQUENCES OF BREACHING THIS POLICY

Any violation of this policy, including a participation in the concealment of violations, may have labour law-related consequences. The same is true for any violation of the documentation obligation according to Annex 1 of this policy. Formel D expects its organs and employees to report violations and considers relevant information for the benefit of the reporting party, even if it participated in the violations itself.

9. QUESTIONS AND CASES OF DOUBT

If you have any questions which are not answered by this policy or if you are unsure of whether a certain behaviour is legal, please contact the competent Compliance Officer or the Chief Compliance Officer.

1. TARGETS

This policy is designed to ensure the German and EU cartel rights are respected within Formel D GmbH and its affiliates ("Formel D"), as far as their business activities may have consequences within the Federal Republic of Germany or the rest of the European Union. Their main purpose is to prevent violations of cartel law provisions by establishing binding guidelines.

This policy, however, does not release anyone from the obligation to respect cartel legislations of other jurisdictions, as far as they are applicable.

2. PREVENTING CARTEL BREACHES AT FORMEL D

Any violation of cartel prohibitions may have serious consequences which may harm the company as well as individual persons.

Violations of cartel prohibitions may

- Lead to the invalidity of contractual provisions
- Make violators liable for damages
- Lead to search warrants, confiscations and interrogations as well as fines and prohibitions by the cartel authorities
- Entail personal liability of the persons involved as well as employment consequences up to instant dismissal
- Entail criminal liability in case of bidding agreements

2.1. AWARENESS AND COMPLIANCE OF ALL EMPLOYEES

The key element of prevention is that all employees are aware of the basic requirements of cartel law and that they comply with it in their daily routine.

2.2. THE COMPLIANCE OFFICER

The Formel D Compliance Officer plays a key role in the prevention of cartel law violations. Therefore, the compliance officer must be informed in any case of doubt or suspicion. The contact details of the Compliance Officer are given on the intranet at Compliance/Compliance Reporting.

2.3. HANDLING CASES OF DOUBT

This policy is an overview of the most important prohibitions concerning activities with competitors, consumers and suppliers as well as limitations of contract clauses that are legal according to cartel law. However, in the daily routine, there will be cases in which an adequate assessment of the legitimacy according to cartel law legitimacy is not possible without expert support.

In cases of doubt, the Compliance Officer must be consulted prior to taking any action. They will tell you how to proceed. However, the ultimate decision authority on the actions required in cases of doubt about cartel law lies with the managing board of Formel D GmbH.

2.4. CONSEQUENCES OF BREACHING THIS POLICY

Any violation of this policy, including participation in the concealment of a violation, may have labour law-related consequences. Formel D expects you to report any violation and will consider such information in favour of the reporting party, even if it participated in the violation itself.

3. REQUIREMENTS OF THE CARTEL LAW

German and EU cartel law is regulated in the Law Against Restraints on Competition ("GWB") as well as in EU legislation (especially Article 101 and 102 of the Treaty on the Functioning of the European Union ("TFEU")). According to this,

- Agreements limiting competition or matching actions between companies are never legal ("Prohibition of Anti-competitive agreements"), Article 101 of the TFEU, Section 1 of the GWB
- Companies with a dominant or strong market position may not pursue any one-sided strategies of abuse or interference towards suppliers, consumers or competitors, Article 102 of the TFEU, Sections 19, 20 of the GWB
- The prohibition of boycott of Section 21 paragraph 1 of the GWB must be considered

3.1. THE PROHIBITION OF ANTICOMPETITIVE AGREEMENTS

The prohibition of anticompetitive agreements forbids agreements between companies, decisions of company associations and matched behaviour which aim at or result in the prevention, limitation, or distortion of competition. The term "agreement" offers various interpretations and does not require a legally binding accord. This also includes informal or implied agreements. "Matched behaviour" includes all forms of implicit but intended coordination of competitive behaviour; an independent reaction to measures undertaken by competitors is, however, permitted.

3.1.1. HOW TO DEAL WITH COMPETITORS

The strictest requirements of cartel law concern the relation between a company and its competitors, although a difference is made between the usually strictly forbidden "hard-core" cartels and other agreements between competitors.

3.1.2. **HARDCORE-CARTELS**

“Hardcore cartels” are being fined on a regular basis. According to the “principal witness regulation”, a cartel member helping to reveal a violation can go unpunished, which increases the risk of being caught for all other cartel members.

Participation in hardcore cartels is strictly forbidden in any case!

- The forbidden hardcore cartels between competitors particularly involve
- **Price fixing** as well as any agreement on conditions that directly affect prices, agreements on stabilising the price level or on preferring individual companies in biddings, agreements on maximum and minimum prices, on price components, cost calculation schemes, the scope of discounts, or the timing of price changes.
 - **Allocations of markets** such as the allocation of specific areas or clients or the fixing of specific (sales) quotes or production capacities.
 - **Agreements on conditions which indirectly affect prices**, e.g. on the scope of guarantees and securities, times for payment, etc.; however, the matching of conditions may facilitate the comparison of prices and services for the client and therefore be legal under certain circumstances; whether and when these conditions are met in the individual case, must be checked carefully for every individual case.
 - **Exchange of information**, if such exchange, even implicitly, supports a coordination of prices, clients, quotes, conditions, etc., especially if individual competitors exchange information on their prices, discounts, costs, conditions, production quotes or clients.

Therefore, extra caution is required at meetings with two or more competitors present (e.g. association meetings, client events, trade fairs). If illegal agreements are made or information is exchanged at such meetings, every person present, even if only participating passively, bears the risk of being linked with the violation of the cartel prohibition. In order to prevent this, you as a participant must immediately protest, record your protest, and in case the violation continues, leave the meeting. Subsequently, you must report the incident to the Compliance Officer. It is not enough to keep quiet and listen to the talks without actively participating.

3.1.3. **OTHER FORMS OF COOPERATION**

BETWEEN COMPETITORS
Apart from hardcore cartels, other forms of collaboration between competitors may also be illegal in individual cases. This involves cooperation in the field of the following:

- Research and development
- Licence contracts
- Production
- Purchase
- Sales
- The determination of norms and standards
- The engagement of competitors as subcontractors

Such agreements, if established between competitors, may only be entered after consulting with the compliance officer.

3.1.4. **HOW TO DEAL WITH CLIENTS AND SUPPLIERS**

In contracts with clients or suppliers especially the following agreements may be critical regarding cartel law:

- **Resale price maintenance**, in which the supplying contract party dictates the resale prices for the contract products to its consumer or exerts pressure regarding specific resale prices or gives incentives in that direction, this is a particularly critical behaviour which may be fined.
- **Prohibitions of resale**, in which the supplying party to the contract prohibits its consumer from reselling the contractual products entirely or in a certain context (especially into specific countries or to certain groups of clients); this is a particularly critical behaviour which may be fined.
- **Most-favoured clauses**, in which a consumer obliges their supplier with a contract to always provide them with the same favourable conditions that the supplier offers other consumers.
- **Exclusive regulations**, such as **Prohibition of competition** (i.e. the consumer must purchase their entire or major (80%) demand of contractual products from the supplying party to the contract), or **Exclusive supply obligations** (i.e. the supplying party to the contract may only deliver to one consumer); this includes “de facto” exclusive regulations, such as the obligation of the consumer to purchase certain amounts.
- Exclusive regulations or limitations of rights in license contracts or R&D contracts.

This may also include variations of such behaviour.

All such agreements may only be entered after consulting with the Compliance Officer.

3.1.5. **SALES ORGANIZATION**

Cartel law poses further requirements for organising a sales structure. These are not stated here; legal advice should be sought for individual cases.

3.2. **PROHIBITION OF ABUSING A DOMINANT MARKET POSITION**

- The prohibition of abusing a dominant market position only applies to companies
- Which hold a dominant market position or
 - Which hold a strong market position.

A company holding a **dominant market position** is a company with no or little competition or the market position of which is so outstanding that its scope of behaviour cannot be controlled appropriately. An indicator for a dominant market position is a particularly high market share as supplier or consumer on the relevant market. A (disputable) presumption for a dominant market position exists at a market share of 40%. Even a collectivity of companies (two or more) can present a dominant market position (so-called oligopoly).

A company holds a **strong market position** if small or medium-sized enterprises depend on it as a supplier or consumer in a way that no sufficient and reasonable alternatives exist. Companies holding a dominant/strong market position are prohibited from **exploiting participants** on the other side of the market (clients or suppliers) as well as from **interfering with competitors** (also indirectly, e.g. by means of an exclusive commitment of the clients). The behaviour on the part of the supplier with a dominant/strong market position includes:

- Prohibitions of competition, forcing the consumer to purchase their entire or major demand of contractual products from the supplier,
- Discount systems the supplier uses to bind the consumer, giving price incentives, especially loyalty discounts,
- Discriminations in which the supplier demands different prices or conditions from similar consumers under the same circumstances,

- Refusals of delivery in which the supplier does not deliver to individual consumers, although they are similar to enterprises that they usually deliver to.
- Linkings in which the supplier sells the products they dominate only in a package together with other products, although they could just as well sell both products separately.
- Dumping prices at which the supplier sells below purchase/manufacturing price in order to displace competitors.

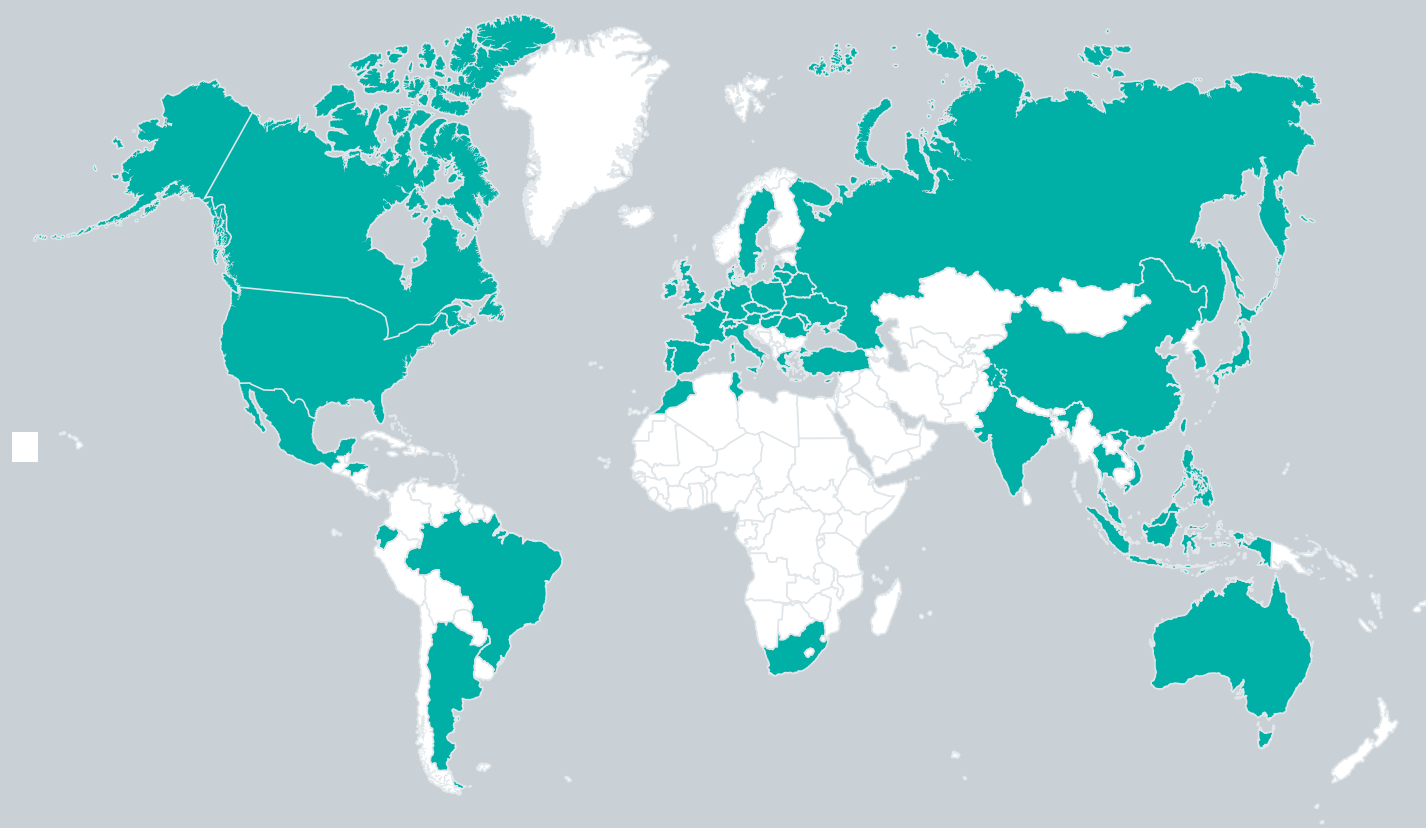
You should therefore not form your own answer to the question of whether and on which markets Formel D has a dominant position. Therefore, you should not take on behaviour prohibited for dominant market positions without consulting with the Compliance Officer first. They will then decide on the next steps.

3.3. **PROHIBITION OF BOYCOTT**

The prohibition of boycott prohibits a company from asking another company not to purchase from a third company or not to supply to a third company in order to unfairly influence this third company.

Example:
If a specialist retailer association asks a manufacturer not to deliver non-specialist retailers in the future (refuse to supply) or asks its members to no longer purchase from a specific manufacturer (refuse to purchase) this is called a boycott.

Such routines should only be used after consulting with the compliance manager, if need be; in case of doubt, they must be refrained from.



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11/2019

