

CODE OF CONDUCT

UPDATED MAY 2017

As a magnetic-based electronic component supplier, Falco Ltd and its subsidiaries and affiliates (FALCO) strives to effectively, ethically, and responsibly service our customers. We are committed to conducting our global business with the highest level of integrity and to helping our employees make the right choices.

This Code of Conduct sets forth the foundation by which we conduct our global operations and outlines the behaviors all FALCO workers must follow to uphold FALCO's ethical standards. Our goal is to cultivate a culture of meeting and exceeding the requirements of the laws and regulations in the countries where we operate.

We ensure that these principles are upheld through our Employee Handbook, various employee training programs, and the FALCO Supplier Code of Conduct.

MAIN PRINCIPLES

1. Labor practices

We value our employees and are committed to providing them with a fair and ethical workplace. We aim to create a culture where every employee is treated fairly and with respect. In this regard, FALCO supports the standards set forth in the 'United Nations Universal Declaration of Human Rights' and the International Labor Organization's 'International Labor Standards.'

1.1 Compliance with legislation

We comply with the labor laws and the collective labor agreements in the countries in which we operate.

1.2 Freedom of association and the right to collective bargaining

We recognize the right of our employees to associate freely and bargain collectively.

1.3 Non-discrimination

We recognize and appreciate the existence of different values and cultures and the value that a diverse workforce can bring. Thus, we are an equal opportunity employer and do not accept any form of discrimination. We prohibit discrimination based on age, race, nationality, gender, physical disability, sexual preference, religion, political reference, union membership, or any other status protected by applicable national law. We will not tolerate any form of discrimination by one employee to another.

1.4 Working hours

We believe that our employees should not work excessive hours. We are compliant with all



applicable international and local laws relating to working hours and overtime hours.

1.5 Wages and benefits

Every worker has a right to calculated and predictable compensation for a regular work week. Thus, we meet all legal requirements relating to wages and benefits and pay accurate wages in a timely manner. Further, we adhere to legal minimum wage laws and regulations in the countries in which we operate.

1.6 Child labor and forced labor

FALCO is committed to the elimination of the 'worst forms of child labor,' as defined by the International Labor Organization (ILO) Convention 138 & 182. Thus, no person shall be employed under the age of 16.

Also, there shall be no use of forced labor of any kind. We do not condone forced or compulsory labor, nor utilize factories or subcontractors that force unpaid labor. Forced labor includes the transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation.

2. Health and safety

We seek to provide a safe, hygienic, and healthy workplace for all employees. Further, we are committed to operate in a safe way and continuously work towards a goal of zero health or safety incidents.

We are also committed to a violence-free work environment, and we will not tolerate any level of violence or the threat of violence in the workplace.

3. Environmental stewardship

FALCO strives to minimize its global footprint and reduce our impact on the environment. Thus, we are committed to identifying and managing the environmental impact of our business operations. To do so, we comply with all applicable environmental legislation in the jurisdictions in which we operate and implement waste management strategies and incorporate energy efficiency measures to the best of our ability.

4. Fair business practices and ethics

FALCO strives to uphold the highest standards of fair business practices and ethics.

4.1 Business integrity and professionalism

We are dedicated to ethical, fair and vigorous competition. In this regard, FALCO does not engage in any form of corruption, extortion, embezzlement, bribery, falsification of documents, price manipulation, or the like. We adhere to all applicable anti-corruption laws and regulations and all applicable international anti-corruption conventions. We foster fair and impartial competition and do not engage in unfair trade practices in violation of antitrust laws.



All FALCO employees must avoid any relationship or activity that might impair, or appear to impair, our ability to make objective and fair decisions when performing our jobs.

4.2 Protection of intellectual property

All FALCO directors, officers and employees must recognize the importance of FALCO's patent, trademark, trade secret, copyright and other intellectual property rights. All employees are prohibited from infringing such rights without proper authorization. Employees shall not disclose FALCO's confidential and nonpublic information without a valid business purpose and proper written authorization.

It is also important that we respect the property and intellectual property rights of others. We shall not improperly acquire a competitor's trade secrets, other intellectual property, or confidential information. We will not engage in unauthorized use, copying, distribution or alteration of other's property or intellectual property without proper written authorization.

4.3 Confidentiality of information and disclosure of information

We believe that upholding confidentiality ensures respectful working relationships and fosters appropriate competition. Therefore, all FALCO employees shall not disclose FALCO's confidential information without authorization. Such disclosures may lead to adverse disciplinary actions.

Likewise, FALCO treats the information obtained from customers as strictly confidential. Information regarding the customer's business activities, structure, financial situation, performance, and any other information marked as confidential is only disclosed in accordance with applicable regulations and if required by law.

4.4 Responsible sourcing of minerals

We are committed to using raw materials of legal and sustainable origin. We strive to avoid sourcing 'conflict minerals' as they enable human rights abuses and contribute to the financing of armed conflicts.

4.5 Secure business

We conduct business in a secure manner. In particular, FALCO implements reasonable measures for minimizing our exposure to security threats such as terrorism, crime, and pandemics.

4.6 Anti bribery

Bribery is a reward or an inducement, financial or otherwise, offered, promised or provided to improperly gain personal, commercial, regulatory or contractual advantage.

We take a zero-tolerance approach to bribery, corruption, and the giving and receiving of bribes. It is prohibited for an FALCO employee to offer, promise, authorize, or make any payment or transfer of value, including gift, hospitality or other advantage, to anybody



(including public officials) or organization. If you are not certain that any conduct or proposed conduct is appropriate under this policy, you should discuss the matter promptly with the legal department.

ETHICS ESCALATION POLICY

We foster an environment where any employee can discuss any concern with management, the human resources department, or the legal department.

If you have a question regarding the best course of action in a particular situation, or suspect a possible violation of this Code, our policies, or the law, you should promptly report your concerns as follows. Employees are encouraged to address such issues with their managers or the human resources manager, as most problems can be resolved swiftly. If for any reason, that is not possible or if an employee is not comfortable raising the issue with his or her manager or human resources, FALCO's general counsel does operate with an open-door policy. Please contact the legal department directly at Elisag@falcomex.com.

In every instance where improper behavior is found to have occurred, FALCO will take appropriate action. We prohibit retaliation against any employee who raises a genuine ethics concerns in good faith. We further prohibit retaliation against any employee who reports or participates in an investigation of a possible violation of this Code, our policies, or the law.

Every reasonable effort will be made to ensure the confidentiality of concerns about suspected Code violations, related investigations, and the identity of those providing information to the extent consistent with the need to conduct an appropriate, fair and thorough investigation.

If you believe you are being retaliated against, please promptly contact the legal department.

Revised: May 22, 2017