Code of Conduct of the Schmidt+Clemens Group

Guidelines GG 16
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I. **Preamble**

The standing and reputation of the Schmidt+Clemens group is dependent upon the conduct of each and every one of its employees. Each of us can influence how the Schmidt+Clemens Group is perceived by others and we can all contribute to ensuring that the Schmidt+Clemens Group meets its responsibilities, social, ethical and legal.

This Code of Conduct provides staff with guidelines and basic principles which will enable you to meet ethical and legal challenges in your daily work. The Code of Conduct applies for all employees of the Schmidt+Clemens Group – employees and managers – and for every activity that they undertake on behalf of the Schmidt+Clemens Group.

We, the management, feel obliged to meet the ethical and legal standards to which our corporation is subject. The same should apply for our employees. We therefore encourage and oblige all employees to comply with the Code of Conduct and the associated internal guidelines. The Code of Conduct is a binding minimum standard for responsible behaviour. You are therefore obliged to inform yourself about the internal company guidelines and the legal requirements regarding your conduct and to comply with them. Any infringements against these regulations can and must be met with sanctions.
II. Implementation of Compliance

This Code of Conduct and the internal Compliance Guidelines based upon it are of central importance for Schmidt+Clemens. In addition to rules on how to act and react in your daily business within the company and in connection with external partners and the general public, it contains basic principles and values.

The guidelines apply for all Schmidt+Clemens employees. Any infringement of the code of conduct can have consequences under employment law for any employee.

In addition to their function as a role model, all superiors have the task of communicating the code of conduct to their staff and ensuring that it is complied with.
III. Compliance Officer; informing on infringements of the law and the guidelines

The Schmidt+Clemens Group has set up a compliance office, which will support employees and the management in implementing this Code of Conduct and the compliance guidelines. If you have any questions on the legality of your conduct or the requirements of the compliance guidelines, you can address them confidentially to the Compliance Officer:

Frank Schmelzeisen
Schmidt+Clemens GmbH + Co. KG
Kaiserau 2
51789 Lindlar
Germany

phone: +49 2266 92-250
email: f.schmelzeisen@schmidt-clemens.de

All employees of the Schmidt+Clemens Group are obliged to report any infringements of the law or of these guidelines which they know of. For this you can contact the Compliance Officer and inform him of the circumstances – anonymously if desired.
IV. Basic behavioural requirements

1. Equal opportunities and mutual respect

The Schmidt+Clemens Group stands for equal opportunities and diversity. It respects the personal rights of every individual. Nobody is to be discriminated against on grounds of his/her ethnic origins, culture, religion, ideology, age, sexual identity, gender or as a result of a disability. It is expected of all employees that they will respect the dignity, the private sphere and the personal rights of every individual. Neither discrimination, harassment nor insult will be tolerated. We require open and fair dealings among ourselves and towards others. Every employee has the opportunity to bring his/her personality to the workplace and to develop his/her potential.

2. Compliance with applicable law and internal guidelines

Nowadays domestic and international law are complex and diverse. The Schmidt+Clemens Group is obliged – both at a local and at a national and international level – to observe and comply with the laws and the legal system within any state in which Schmidt+Clemens has business operations. Every employee must therefore comply with the internal guidelines and any statutory regulations relevant for their work.
V. Dealings with business partners, third parties and government institutions

1. Fair competition and compliance with antitrust law

Schmidt+Clemens hereby agrees to comply with the applicable antitrust and competition law. Every employee is obliged to comply with the antitrust and competition regulations. Any violations are potentially subject to punishment and fines.

In particular, discussions with competitors, suppliers, distributors and dealers which restrict fair competition are forbidden by law. This includes, for example, discussions on pricing, the allocation of customers and/or sales areas among competitors, anti-competitive boycotts and any other unfair methods of competition. In any contact with competitors, including via agents or mediators, no information may be received or given which might enable conclusions to be drawn regarding current or future market conduct by us or our competitors.

2. Safeguarding against corruption

All employees and agents are strictly forbidden from undertaking any form of bribery or corruption in respect of government officials or business partners.

In accepting or granting gratuities in connection with his/her activities for Schmidt+Clemens, every employee is obliged to observe and follow the guidelines for dealing with gratuities and the use of agents.

3. Tackling money laundering

Money-laundering — i.e. covering up and concealing illegally acquired income — is a crime under German law and the law of other lands. Tackling money laundering is a significant element in the fight against illegal behaviour to which Schmidt+Clemens is committed.

All employees and all agents acting on behalf of Schmidt+Clemens are hereby obliged to follow the laws against money laundering. In the event that employees or agents notice suspicious behaviour on the part of customers or business partners, or, indeed, employees and agents, they must immediately report this to their superior or to the contractually designated contact.

VI. Avoiding conflicts of interests

Employees may not take any decisions if these are influenced by a conflict of interests. A conflict of interests exists if a business decision is not made on grounds of safeguarding the interests of Schmidt+Clemens but on grounds of personal interests or the interests of third parties. Conflicts of interest regularly occur if an employee or a person close to him/her is a competitor, is in secondary employment for another company or if he/she or a person close to him/her has shares in a competitor or customer of Schmidt+Clemens.
All employees, regardless of the position they hold, are obliged to inform their manager or designated contact of any such conflict and any bias arising therefrom immediately.

1. **Non-competition obligations**

   Employees are not permitted to hold shares in any company or to work directly or indirectly for any company which is a direct or indirect competitor of Schmidt+Clemens. No competing activities may be engaged in.

2. **Secondary employment**

   The employee’s supervisor must be informed before taking on any paid secondary employment and this must be authorised in writing in advance. Taking on secondary employment cannot be authorised if this would result in competition for Schmidt+Clemens or if the employee has business dealings with the relevant company.

3. **Shareholdings in third-party companies**

   In order to avoid a potential conflict of interest, employees must inform their superior if they hold or acquire either directly or indirectly (e.g. through a near relative) shares in a business partner or competitor of Schmidt+Clemens. Likewise, the manager must be informed if an employee has business dealings with a company or exercises a superior in the company. In the event that an employee directly or indirectly holds shares in a competitor, and if these shares would allow him/her to influence the management of this competitor, he/she must also inform his/her superior of this.

VII. **Dealing with information**

1. **Records and reports**

   Schmidt+Clemens and its employees hereby agree to ensure correct and truthful reporting both within the company and in respect of agents, customers, business partners, government offices and the public. Additionally, in accordance with the principles of proper book-keeping, data capture and other records must always be complete, timely and compatible with the system.

2. **Confidentiality**

   Confidential information and documents are only intended for the named recipient. Schmidt+Clemens protects confidential information against unauthorised disclosure and misuse. This includes, among other things, details on the organisation and institution of a company, prices, turnover, profits, market behaviour, customer and similar business affairs, infor-
mation on manufacturing, research or development processes and information which is used for internal reporting. Absolute confidentiality must also be maintained in respect of unpublished information from or about customers, suppliers, employees, agents, consultants and other third parties. Employees are obliged to maintain confidentiality both during their employment and after it has terminated. Disclosures are subject to prior authorisation.

3. Data protection and security of data

If Schmidt+Clemens or its employees acquire, store, process or transmit personal data, they are obliged to comply with the relevant data protection regulations. Personal data must be actively and reliably protected against unauthorised access.

4. The use and security of IT systems

Regular use of IT systems and data processing are a standard part of our work. For this, suitable security measures (passwords, authorised technologies and licensed software) which ensure the safeguarding of intellectual property and personal data are required. Failure to comply with the required security measures can have serious consequences, such as loss of data, damage to assets, the theft of personal data or copyright infringements. We and our employees hereby agree to use the IT systems provided in order to carry out work-related tasks and not for inappropriate or improper personal use.

Every employee is obliged to take the necessary measures in order to ensure the security of IT systems against internal and external misuse and threat (e.g. the misuse of allocated passwords or the downloading of inappropriate material from the Internet). Questions and problems should be referred to the IT Department.

5. The use of private e-mail accounts

For contacting one another and third parties, e.g. agents, customers, suppliers, business clients, competitors and government offices, in connection with your work, the e-mail accounts provided at the start of your employment, the company address and your business telephone and fax numbers must be used. Private e-mail addresses, private addresses and private telephone and fax numbers may not be used for work undertaken for Schmidt+Clemens.

VIII. Use of company and natural property and resources

Improper use of company property and improper use of employees to carry out non-company tasks are not permitted. Company resources may not, therefore, be used for private or third-party purposes. Exceptions may be regulated at local level where necessary. Please discuss this with your superior.
As a responsible company, we also aim to protect the environment. For this reason, every employee must also take account of ecological aspects when making decisions. We want to operate in a manner that is not only economically successful, but which is also sustainable. We should therefore avoid wasting resources or unnecessarily damaging the environment. Please therefore always take environmental compatibility and sustainability into account in your activities, whether it be travel or selecting suppliers or external services.

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