



Code of Conduct

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Foreword by the Board of Directors

All our actions are based on integrity. For this purpose, the company defines globally applicable rules of conduct, which are summarized in this Code of Conduct.

The image of the company is essentially shaped by the behaviour, actions and conduct of each individual employee. The improper conduct of even one employee can inflict significant damage on the company.

This Code of Conduct should help us to make the right decisions in our working life and distinguish the Kromberg & Schubert Group as a partner with integrity both internally as well as in relations with customers, competitors and statutory authorities.

Adherence to these rules of conduct, alongside the procedures relating to the individual functions, is of vital importance and I am grateful for your support in ensuring this.



Hans – Otto Kromberg

Abensberg, 29.08.2022

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1. GENERAL RULES OF CONDUCT

Kromberg & Schubert bears a heavy responsibility, not only towards its customers, its shareholders and its employees, but also towards our neighbours and the environment. In terms of sustainability, we therefore have an obligation to promote:

- integral and ethical conduct in compliance with the law, i.e. especially with reference to compliance with statutory obligations, internal directives and other certification requirements
- the protection of resources and the environment,
- the people and the society we help to shape as a company.

We are particularly committed to the basic values of the company, namely:

- Loyalty & Integrity
- Credibility & Reliability
- Flexibility & pragmatism
- Innovation & team success

We show personal commitment and identification with the company in our actions and we are responsible for the success of the company.

2. ADHERENCE TO THE CODE OF CONDUCT

- Kromberg & Schubert adheres to the statutory regulations of the relevant jurisdiction, which apply to their business activities.
- If local laws and regulations are less restrictive, our actions are based on the principles of this Code of Conduct. In cases where there is a direct conflict between mandatory local law and the principles contained in this Code of Conduct, local law shall prevail. However, we endeavour to comply with the content of this Code of Conduct.
- Differing ethical standards in other countries can be taken into account wherever possible. All employees are regardless obliged to review their own conduct based on the standards below and to think about whether their own actions would damage the reputation of the company if they became public knowledge.
- In the case of doubt or signs of dubious practices in your working environment, advice and help can be sought from direct managers, the HR department, the Compliance Officer or the employees' representatives.

- Employees should report any behaviour to the Board of Directors or the Compliance Officers, which they believe in good faith to be a breach or an apparent breach of the guidelines. The employee is protected against any retaliatory measures. Reporting can be either direct or anonymous, such as, Personal contact, e-mailing compliance@kroschu.com and further the contact portals on the company website www.kroschu.com and intranet, subsection Compliance.
- The members of the Board of Directors and management set an example for other employees. The adherence of this group to the Code of Conduct is therefore of particular importance.
- The members of the Board of Directors and management are obliged to monitor adherence to the Code of Conduct.
- Stricter standards than those used for other employees are used when assessing the misconduct of members of the Board of Directors and management.
- There is no difference in what we say and what we do.
- We tolerate no abuse of your own position to your advantage, the advantage of a third party or to the detriment of the Kromberg & Schubert group.
- Breaches thereof may result in civil or criminal proceedings or actions pursuant to employment law.

3. Working with business partners and statutory authorities

- Our business relationships must be business-like and honest.
- Kromberg & Schubert shall not tolerate any form of corruption or bribery or allow themselves to be involved in such in any way. This applies to all illegal offers or similar gratuities, which are paid for the purpose of gaining favour with government officials, customers, suppliers and other business partners, in order to influence their decisions. Gifts and hospitality are only acceptable within the statutory limits and normal business practice.
- Our company builds its reputation upon the pricing, performance and quality of the offered products. We select our suppliers objectively according to the same criteria.
- The principles of non-discrimination must also be adhered to when selecting suppliers and when working with suppliers.
- Employees and their immediate family (spouses, children and parents) may generally accept no gifts or benefits or claim such from business partners or distribute such to these partners. Exceptions shall only apply to gifts for special occasions or promotional gifts which correspond to the normal customs and courtesies of the relevant country and comply with the relevant statutory regulations.

- Invitations (e.g. in connection with hospitality, events, travel) to employees and immediate family from business partners or competitors of companies within the Kromberg & Schubert group, as well as from employees of statutory authorities may only be accepted if this is within the ordinary scope of business.
- Particular caution must be exercised when dealing with public officials, officers or employees of state-owned enterprises.
- The Gift and Entertainment policy also applies as amended.
- Donations should only be made after consulting the Board of Directors. The donations should always be made on a voluntary basis and without expectation of reciprocation. To ensure transparency, the purpose, recipient and confirmation of receipt must be recorded.

4. Fair competition

- A vital part of a free market economy is fair and unbiased competition. Every employee is obliged to comply with the provisions of the competition and anti-trust law.
 - Prohibition of discussion of prices, production quantities, capacities, territory allocation etc. with competitors.
 - It is also prohibited to hold discussions about non-compete agreements, bogus offers etc.
 - Abuse of a dominant position in the market is prohibited
 - Etc.
- Even informal discussions are prohibited. Already anything that could appear as conspiratorial act must be avoided.
- Any kind of confidential information, i.e. all unpublished company data, may not be exchanged with competitors.

5. Handling of information

- We protect confidential information and respect the intellectual property. Technology and know-how transfer must take place in such a way that intellectual property rights and customer information, trade secrets and non-public information is protected. We observe the applicable laws for the protection of trade secrets and the confidential information of our business partners is also treated accordingly.
- Confidential company information or company secrets (e.g. financial data, formulas, patents, procedures, advertising methods, marketing concepts, planned transactions etc.) may not be disclosed to unauthorised third parties during and after the end of the employment contract.
- Direct or indirect use of confidential company information during and after the end of the employment contract to the personal advantage of the employee, third party or to the detriment of the Kromberg & Schubert group is not permitted.
- All inventions made by an employee within the course of his work must be reported to the responsible for intellectual property rights (ipr@kroschu.com) without undue delay. In countries with employee invention law, the provisions in their respective version apply.
- In order that the Kromberg & Schubert group presents a single face to the public, the employees are requested not to reply directly to questions from the media, trade unions, interest groups or analysts but to direct these without delay to the Board of Directors.
- Data should be pro-actively protected against access by third parties (prevention of industrial espionage) according to the existing guidelines.
- We process, store and protect personal data in compliance with legal regulations. In this way, personal data is collected confidentially, only for legitimate, predetermined purposes and in a transparent manner. We only process personal data if they are protected against loss, alteration and unauthorized use or disclosure by using appropriate technical and organizational measures.
- The requirements of the Data Protection Act and the data protection guidelines of the Kromberg & Schubert group must be met.
- Personality rights must be protected (no disclosure of employee or customer data to third parties).
- The personal computers, laptops etc. and stored data must be protected against unauthorised access.
- The use of private software and hardware on company equipment is prohibited.
- Other guidelines on data protection, data security and the use of IT systems must be adhered to.
- The use of our information protection measures, these help to avoid the production of counterfeit original parts. In turn and in accordance with statutory provisions, we do not use any counterfeit parts or technologies in our production and processes.

6. Transparency of business transactions

- Proper presentation of all transactions in books and accounts must be ensured.
- A transparent presentation of all transactions through proper documentation which is traceable for third parties is required.
- There must be a pro-active exchange of information and the employees are obliged to forward all information relevant to transactions and/or decisions to managers and/or members of the Board of Directors without delay, in full and accurately.
- In accordance with legal obligations, the management publishes reports on our occupational safety measures, environmental protection processes, employees, business processes, as well as the financial situation and business results.
- We undertake to comply with the legal norms governing any export controls - in particular licensing requirements, export and support bans - within the framework of the transfer and export of our goods.

7. Use of company property and resources

- In general, neither personnel nor company property such as equipment, systems (IT systems, internet access), assets, intellectual property (inventions and research findings) and similar resources may be used to fulfil purposes outside the company.
- Company assets, e.g. machines, tools or material may not be removed from company premises without explicit permission.
- The strict separation of business and private expenditure must be maintained.

8. Conflicts of interest

- Conflicts between the interests of the Kromberg & Schubert group and the private interests of employees must be avoided.
- Employees must disclose actual or potential conflicts of interest to managers timeously and of their own accord.
- Potential conflicts of interest include:

I. Financial interests

- Substantial financial interests of the employee or the immediate family of the employee in competitors or business partners of a company in the Kromberg & Schubert groups. Duty to disclose and to obtain authorisation exists for management.

II. Secondary employment

- Secondary employment of an employee. Duty of disclosure exists.

III. Other conflicts of interest

- Assumption of a management role with a business partner or competitor of a company of the Kromberg & Schubert group by an immediate family member of an employee.
- Acquisition, leasing or tenancy of land, buildings or of plant and equipment of a company of the Kromberg & Schubert group by an employee or an immediate family member of an employee.
- The sale, lease or tenancy of land, buildings or of plant and equipment to a company of the Kromberg & Schubert group by an employee or an immediate family member of an employee.
- Appointment or collaboration of family members/friends, insofar as an actual, suspected or potential conflict arises, e.g. the employee is managed by or reports directly to the family member/friend.
- Suppliers in which you have or may have a personal or financial interest, e.g. yourself, family members or close friends which are owners or significant investors in the supplier.

9. Conduct in the workplace

- We respect and support compliance with internationally recognized human rights and the core labour standards of the International Labour Organization (ILO).
- Our employees must be treated equally and offered equal opportunities, irrespective of skin colour, race, nationality, social status, disability, sexual orientation, political or religious conviction as well as age or gender.
- We respect the dignity, private life and personality rights of each individual.
- Forced labour, modern slave labour or comparable measures that deprive individual's liberty are prohibited. No one may be employed or forced to work against their will. All contractual work agreements must be voluntary and there must be the possibility of ending the employment relationship.
- Unacceptable treatment of the workforce shall not be tolerated, similarly psychological abuse, sexual and personal harassment or discrimination.
- Behaviour (including gestures, languages and physical contact) which are designed to coerce, threaten, abuse or exploit will not be tolerated.
- Expressing opinions in relation to political, ideological or religious matters in a moderate and restrained way is understood. Political activism in the company is prohibited.
- We respect workers' rights to freedom of association, , and collective bargaining to the extent permitted by law and possible in the country in which we operate. If this is not permissible, we look for appropriate compromises for our employees.
- We do not tolerate child labour. We do not hire any employees who are not at least 15 years old and ask for proof of age. In countries that fall under the exception for developing countries according to ILO Convention No. 138, the minimum age can be reduced to 14 years. We do not hire employees for hazardous work or night work who are under the age of 18 according to ILO Convention No. 182 (right to education for children and protection from the worst forms of child labour). Likewise, these employees are not used for overtime.

10th Labour protection, environmental protection, occupational health & safety

- The statutory national minimum wage must be guaranteed.
- The remuneration is based on the applicable laws and any existing, binding collective agreements and is supplemented by the relevant national minimum wage laws. The employees are informed clearly, in detail and regularly about the composition of their wages.
- The maximum statutory working hours in each country must be adhered to, as well as the statutory prescribed or collectively agreed regulations governing breaks and leave periods.
- Environmental protection must be maintained with respect to the applicable statutory requirements and environmental impacts minimized as far as possible.
- Risks within the workplace must be contained and precautions taken against accidents and occupational diseases.
- Adherence to safety procedures, hazard awareness as well as consideration thereof during all safety-relevant tasks is expected.
- Each manager is responsible for the protection of his staff and operators and must train, educate and instruct them accordingly.
- We have taken appropriate environmental protection measures (e.g. the implementation of an operational environmental protection management system) that adequately covers the following topics:
 - Targeting, definition and implementation of measures and their continuous improvement;
 - Environmental aspects such as reducing CO2 emissions, increasing energy efficiency and using renewable energies, ensuring water quality and reducing water consumption, ensuring air quality, maintaining biodiversity, promoting resource efficiency, reducing waste and its professional management of disposal and responsible handling of hazardous substances for people and the environment.
- We take the necessary diligent measures to avoid the use of conflict minerals in our products in order to prevent human rights violations, corruption and financing of armed groups or similar.

11. Supply Chain

- We expect our suppliers to comply with the principles of this code of conduct or to apply equivalent codes of conduct. We also encourage them to implement the contents of this code of conduct in their supply chains.
- We reserve the right to check the application of this code of conduct at our suppliers both systematically and on a case-by-case basis. This can either be in the form of risk assessment, questionnaires, assessments or audits or media monitoring.
- If there are still doubts about compliance with this code of conduct, the supplier will be asked to take appropriate countermeasures and to report the matter to his responsible contact in our company. If necessary, the contractual relationship will be terminated.

12. Implementation and Enforcement

- We make suitable and reasonable efforts to continuously implement, document and apply the principles and values described in this Code of Conduct. All employees are made aware of the content of the Code of Conduct and trained on relevant topics as required. Violations of the code of conduct will not be tolerated and can lead to consequences under respective labour laws.
- Where employees have any doubt or if there are indications of dubious processes in the working environment, advice and help can be sought from the supervisor, the human resources department, the compliance officer or the employee interest groups.
- We communicate openly and in a dialogue-oriented manner about the requirements of this Code of Conduct and its application towards employees, customers, suppliers and other interest and stakeholder groups.
- Published on our website, we have available to our employees and business partners access to a mechanism for reporting potential violations of the principles of this Code of Conduct.
- Employees who know of or believe in good faith of any possible breach of laws, regulatory standards and internal Code of Conduct, are encouraged to report such breaches to management or directly to the central compliance officer. Employees are protected from any retaliatory consequences or effects of reporting such breaches.