

# COMPLIANCE @PFLEIDERER

COMPLIANCE FRAMEWORK  
OF PFLEIDERER GROUP



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# **I. BUSINESS CONDUCT GUIDELINES**

OF THE PFLEIDERER GROUP



# COMPLIANCE WITH ETHICAL PRINCIPLES AND LEGAL REQUIREMENTS IN OUR DAILY WORK

February 2024

**Dear colleagues,**

Both the business and working world are constantly changing, and at a rapid pace. Changes such as advancing digitalisation and automation, hybrid working models, fighting climate changes, and promoting sustainability not only present new challenges, but above all opportunities. Developments such as disrupted supply chains and raw material bottlenecks or the increase in regulation, on the other hand, are an extra burden in addition to the daily competition in which we naturally find ourselves in our sales markets.

In the face of these challenges, it is important that we do not lose sight of what really matters: What is often referred to as „true north“ – the fixed point on our compass of values. A clear understanding of values – aligned with adherence to basic ethical principles and legal regulations – ensures that we always act responsibly in all our activities, in business as well as towards our fellow human beings and our environment.

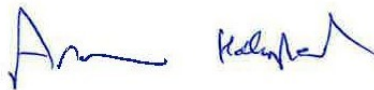
These Business Conduct Guidelines provide the framework that helps us remain true to our values in the performance of our daily tasks. They apply to the employees of all companies in the Pfeleiderer Group and each of us is obliged to comply with them. The appearance, actions and behaviour of each and every one of us shape the image of Pfeleiderer. That is why we behave correctly and expect the same from our suppliers, customers and business partners.

We therefore ask you to read the Business Conduct Guidelines carefully and to consult them again and again in your daily work. If you are unsure how to implement internal rules or legal regulations, please do not hesitate to contact our Legal and Compliance Department, which is always available as a competent contact.

Sincerely



**Dr. Frank Herrmann** (CEO and COO)



**Andrew Hollyhead** (CFO)



**Stefan Zinn** (CCO)

Management of the Pfeleiderer Group

# 1. BASIC BEHAVIORAL REQUIREMENTS

## 1.1. Law abiding behavior

Compliance with the law is a top priority for our company. All employees must comply with the legal requirements of the jurisdiction in which they are acting, i.e. in the case of cross-border activities also those of the foreign country concerned. Violations of the law must be avoided under all circumstances. The only exception to this would be a threat to life and limb.

In difficult situations, it can be helpful to ask yourself the following questions before taking an action/decision:

- 1) Is it legal?
- 2) Is it in line with our corporate and your personal values?
- 3) Is it in compliance with our guidelines?
- 4) Is it something you are willing to take responsibility for?

**If the answer is YES, then act on it!**

Irrespective of the sanctions provided by law, all employees must expect disciplinary consequences in the event of a violation of the law due to a breach of their obligations under the employment contract.

## 1.2. Responsibility for our reputation

Our reputation is essentially shaped by the appearance, actions, and behavior of all of us. Unlawful or inappropriate behavior by even one employee can cause substantial damage to the company.

All employees are required to pay attention to our reputation in society. The performance

of the task must be aligned with this in all respects. Managers/supervisors are not only responsible for their own actions but must also ensure that their employees behave in accordance with internal guidelines.

## 1.3. Mutual respect, honesty and integrity

We respect the personal dignity, privacy, and personal rights of every individual. All employees are offered equal opportunities during recruitment and their further personal development at Pfleiderer. Any discrimination is prohibited. In particular, no one may be discriminated or harassed because of their origin, gender, sexual orientation, religion, or ideology, political or trade union activity, physical or mental limitations, illness, pregnancy or age. We do not tolerate discrimination or sexual or other personal harassment or insult. We are open and honest and stand by our responsibilities. We are reliable partners and only make commitments we can keep. These principles apply both internally and for behavior towards all our business partners.

## 1.4. Leadership, responsibility and supervision

Managers bear responsibility for the employees with whom they are entrusted. They must earn their respect through their own behavior, performance, openness and social competence. They set clear, ambitious, and realistic goals, lead through trust and give employees as much personal responsibility and freedom as possible. Managers are approachable for the employees in case of professional, but also personal concerns.

## I. BUSINESS CONDUCT GUIDELINES OF THE PFLEIDERER GROUP

### BASIC BEHAVIORAL REQUIREMENTS

All managers have organizational and supervisory duties to fulfill. They are responsible for ensuring that no violations of the law occur in their respective areas of responsibility that could have been prevented or impeded by proper supervision. Even if individual tasks are delegated, the manager remains responsible. However, the manager's responsibility does not relieve employees of their own responsibility.

#### **Specifically, the following applies**

- 1) The manager must carefully select employees according to their personal and professional qualification. The duty of care increases with the importance of the employees' tasks (selection duty).
- 2) The manager must set tasks precisely, completely, and bindingly, especially with regard to compliance with legal requirements (instruction duty).
- 3) The manager must enable the employees to perform the assigned tasks in a professional manner.
- 4) The manager must ensure that compliance with the legal provisions is continuously monitored (monitoring duty).
- 5) Managers must clearly communicate to employees that violations of the law are disapproved and have or may have consequences under labor, civil or even criminal law (communication duty).

When evaluating misconduct by members of the Executive Board and senior executives, we apply stricter standards than for other employees. Members of the Executive Board and managers are required to pay particular attention to compliance with the Business Conduct Guidelines.



## **2. OUR APPROACH TO HUMAN RIGHTS**

### **2.1. Human Rights**

Human rights are innate and cannot be conferred or denied. They protect the dignity of every human being and are equally due to all. Respect for human rights by our customers and suppliers is a basic requirement for our business relationships. We respect and support the protection of officially declared international human rights in accordance with the Universal Declaration of Human Rights of the United Nations.

### **2.2. International Labor Organization (ILO)**

We support the principles outlined in the ILO Declaration of Fundamental Principles and Rights at Work. Furthermore, we support the work of the ILO in establishing and enforcing international labor and social standards and in creating decent working conditions as an essential prerequisite for combating poverty.

### **2.3. Freedom of association**

We respect the right of freedom of association and promote the right of employees to enter into collective agreements within the limits of applicable laws. We ensure that trade union representatives are not discriminated.

### **2.4. Free choice of employment**

We oppose all forms of modern slavery and ensure that forced or compulsory labor does not take place in any form. In addition, all employees must have the freedom to terminate the employment relationship with reasonable notice.

### **2.5. Child labor**

We support the elimination of exploitative child labor and are committed to complying with the Convention on the Minimum Age for Admission to Employment (Convention No. 138 of the ILO). This means we only employ people who are at least 15 years old, or if a country has defined a higher age, people who have reached that higher age. We accept a minimum age of 14 years only in exceptional cases, if a legal minimum age of 14 years applies in the country concerned. Furthermore, we undertake to comply with the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (Convention No. 182 of the ILO) and not to employ persons for hazardous work who cannot demonstrate a minimum age of 18 years. If a national regulation sets stricter standards for child labor, then these stricter standards take precedence.

### **2.6. Equal employment opportunities**

We are committed to comply with all regulations on equal employment opportunities that exist in the respective countries and do not tolerate discrimination. An exception applies only if the respective national law requires selection according to certain criteria.



### **2.7. Remuneration and benefits**

The remuneration and benefits paid or provided for a normal working week correspond at least to the legally valid and guaranteed minimum. If there are no statutory or collectively agreed regulations, they are based on the industry-specific, customary remuneration and benefits that ensure an appropriate standard of living for employees and their families.

### **2.8. Discrimination, abusive behavior and harassment**

Respect for others is the basis of Pfleiderer's culture. We disapprove all forms of discrimination and comply with the respective applicable laws. We all do our part by behaving respectfully in the work environment, free from any abusive behavior and harassment. Discrimination against employees or business partners on the basis of ethnic background, culture, religion, age, disability, race, gender, sexual orientation or ideology, political or trade union activity, physical or mental limitations, illness or pregnancy is strictly prohibited.

### **2.9. Whistleblower system**

Violations of laws, directives or other regulations must be identified in good time to prevent damage to our company and our business partners. Among other things, it is possible to securely report misconduct within our business area via our web-based whistleblowing system (see also section 08).

### **2.10. Safety and health**

We ensure occupational health and safety for our employees within the framework of the applicable national regulations (see also Chapter 07).



## **3. INTEGRITY IN BUSINESS DEALINGS**

### **3.1. Observance of competition law and antitrust law**

Only fair competition can develop unhindered. The principle of integrity also applies in the competition for market share. We are all obliged to comply with the rules of fair competition. Participation in any activities in violation of antitrust law is prohibited. Detailed information on this can be found in our Antitrust Policy.

The evaluation under antitrust law can be difficult in individual cases. Nevertheless, there are behaviors that regularly constitute a violation of antitrust law. For example, employees may not engage in discussions with competitors in which prices or capacities are agreed. Agreements with competitors to refrain competition, on the submission of bogus bids in tenders or on the division of customers, territories or production programs are also inadmissible. Employees may not influence resale prices to our customers or attempt to enforce export or import bans.

### **3.2. Prevention of corruption**

We may not demand or accept unauthorized benefits from others in connection with our business activities, nor may we offer or grant them – neither directly nor indirectly. This includes both monetary payments and other benefits.

Promotional gifts to employees of business partners must be selected in such a way as to avoid any appearance of dishonesty or impropriety on the part of the person receiving the gift. In case of doubt, the person receiving the gift should be asked to obtain prior approval

from his or her manager. If the receiving person resists to do so, it shows that the receipt is considered to be incorrect.

The acceptance of occasional gifts of small value from a business partner is regularly unobjectionable, provided that here too the appearance of dishonesty and impropriety is not created; other gifts are to be refused or returned. Gifts to civil servants and other public officials must be avoided. Employees who conclude contracts with consultants, intermediaries or comparable third parties must ensure that these also do not offer or grant any unauthorized advantages. Employees involved in the awarding of contracts must observe the following rules in particular:

- Employees shall disclose to their manager any personal interest that may exist in connection with the performance of their official duties.
- Suppliers must not be unfairly favored or hindered when competing for contracts.
- Invitations from business partners may only be accepted if the occasion (business nature) and scope of the invitation are appropriate and refusal of the invitation would be contrary to the requirement of politeness.
- Gifts from business partners must be refused and returned, unless they are insignificant occasional gifts of low value.
- Employees may not have private assignments carried out by companies with which they have business dealings if this could give them an advantage.

Detailed information on this can be found in our Anti-Corruption Policy.

### **3.3. Donations**

Donations are requested by a wide variety of organizations, institutions and associations. The following rules apply to the granting of donations:

- Requests for donations from individuals and for-profit organizations are to be rejected on principle.
- Payments to private accounts are prohibited.
- In no event may a donation be granted to individuals or organizations that are damaging to the company's reputation.
- The donation must be transparent. The person receiving the donation and the specific use by the receiving person must be known. The reason for the donation and the intended use must be legally justifiable and documented.

Donation-like remuneration violates the transparency requirement and is prohibited. Donation-like payments are benefits that appear to be granted as remuneration for a service. However, the remuneration clearly exceeds the value of the service. It is therefore – at least in part – a donation for other purposes. In principle, donations must be approved by the responsible member of management before they are granted.

### **3.4. Anti-Money Laundering**

Money laundering refers to the process of concealing the origin of financial resources from criminal activities such as terrorism, drug trafficking, or bribery by infiltrating „dirty money“ into the legal financial and economic circuit to give it the appearance of legality and disguise the true origin or identity of the owner.

It is Pfleiderer's declared goal to maintain business relationships only with reputable customers, consultants and business partners whose business activities comply with legal requirements and whose financial resources are of legitimate origin. We do not support money laundering. We are committed to strict compliance with anti-money laundering laws. In order to avoid problems in this area, the attention of all employees is required and they must report suspicious behavior by customers, consultants and business partners. In addition, all employees are required to comply with all applicable record-keeping and accounting requirements for cash and other transactions and contracts.

### **3.5. Trade Controls**

Pfleiderer complies with all export control and customs laws and regulations applicable in the respective countries of its business activities. Export controls generally apply to the transfer of goods, services or technology across certain national borders, including by electronic means (e.g. by e-mail). Export control laws may apply in connection with direct or indirect exports or imports from or into sanctioned countries, or in connection with third parties against whom, for example, there are suspicions with respect to national security or who are involved in criminal activities. Violations of these laws and regulations may result in drastic penalties.

All employees involved in the import and export of goods, services or technology as described above must pay attention to know and comply with

- all relevant regulations and processes,
- all applicable export control and import laws
- all current economic sanctions regulations.

### **3.6. Business relations with suppliers**

Pfleiderer as a company expects its suppliers to share Pfleiderer's value principles and to comply with all legal provisions, in particular

- Compliance with all applicable laws,
- Non-toleration of corruption or bribery and action in accordance with national and international competition laws,
- Avoidance of conflicts of interest,
- Respect for the human rights of its employees,
- Compliance with the prohibition of forced labor,
- Compliance with laws and international standards against child labor, in particular in accordance with ILO Conventions No. 139 and 182,
- Ensurance of equal opportunities for its employees,
- Assumption of responsibility for the health and safety of their employees so that they can perform their jobs safely and without risk,
- Compliance with and respect for applicable working time, remuneration and compensation regulations and the right of employees to form or join trade unions,

- Compliance with relevant national laws and international standards on environmental protection and ambition to continuously improve its contribution to climate protection,
- Passing on the commitment to comply with these value principles in their own supply chain,
- Implementation of a whistleblower system that enables employees to report possible violations. Reports to Pfleiderer can be submitted via the web-based whistleblower system (see chapter 09).

We reserve the right to terminate the business relationship without notice if, after a violation has occurred, planned remedial actions are not notified and implemented accordingly within a reasonable period of time.

In this context, we also expressly refer to our Code of Conduct for Suppliers as amended from time to time.



## **4. AVOIDANCE OF CONFLICTS OF INTEREST**

The company attaches importance to ensuring that its employees are not subject to conflicts of interest or loyalty in the course of their official duties. A conflict of interest exists whenever our personal interests and the interests of the company are not aligned. Such conflicts may arise, for example, if employees work for or have an interest in another company. Therefore, the following rules apply to all of us:

### **4.1. Non-competition**

Employees may not manage or work for a company or engage in activities that compete with Pfleiderer.

### **4.2. Participation in unlisted companies**

Direct or indirect participation in an unlisted company that competes with us in whole or in part is not permitted. This does not apply to an investment in companies or the acquisition of shares if this is done exclusively for the purpose of capital investment in an appropriate amount.

Prior written permission is required for:

- Investments in companies that are our business partner;
- Investments in companies to which we directly or indirectly provide capital.

Permission is granted by the respective management member and documented in the personnel file. Permission is not granted or can be withdrawn if employees are involved with the respective company in the course of their tasks.

Employees must notify the Human Resources Department in writing if they are aware that close relatives hold shares in a competitor company or another of the companies described above. This will then be documented in the personnel file.

### **4.3. Secondary employment**

In case that an employee intends to start a paid secondary employment, the responsible manager must be notified and prior written consent must be obtained. The secondary employment may be prohibited if it leads to an impairment of the work performance, contradicts the duties in the company or if there is a risk of a conflict of interests. Occasional writing activities, lectures and comparable occasional activities without the intention to make profit are excluded.

## **5. HANDLING OF COMPANY EQUIPMENT**

The equipment and facilities in offices and workshops (e.g. telephone, copy machine, PC including software and internet/intranet, machines, tools) may only be used for business purposes. Exceptions and, if applicable, payment for other use will be agreed locally on a case-by-case basis. Under no circumstances may information be accessed or passed on that incites racial hate, glorifies violence or

other criminal acts, or contains sexually offensive content.

No employee is permitted to make any recordings, files, visual or audio documents or reproductions without the consent of the manager, unless this is directly related to the professional activity.

## **6. DEALING WITH INFORMATION**

### **6.1. Records and reports**

Open and effective cooperation includes accurate and truthful reporting. This applies equally to the relationship with investors, personnel, customers, business partners as well as the public and all government agencies.

All records and reports prepared internally or given externally must be accurate and truthful. According to the principles of proper accounting, data entries and other records must always be complete, correct, timely and system-compatible. The requirement for truthful information also applies to expense reports.

### **6.2. Secrecy**

Confidentiality must be maintained with regard to internal matters of the company which have not been disclosed to the public. This includes, for example, details relating to the organization of the company and its facilities as well as business, manufacturing, research and development

processes and internal reporting figures. The obligation to maintain confidentiality shall also apply after termination of the employment relationship.

### **6.3. Data protection and data security**

Access to the Intranet and Internet, worldwide electronic information exchange and dialog, and electronic business processing are crucial prerequisites for the effectiveness of every person employed and for business success as a whole. However, the advantages of electronic communication are associated with risks to personal privacy and data security. Effective precautionary measures against these risks are an important part of IT management, the leadership task as well as the behavior of everyone.

Personal data may only be collected, processed or used insofar as this is necessary for defined, clear and legitimate purposes. A high standard

must be ensured for data quality and technical protection against unauthorized access. The use of data must be transparent for the data

subjects, and their rights to information and correction and, if applicable, to objection, blocking and deletion must be safeguarded.

## **7. SUSTAINABILITY, CLIMATE PROTECTION AND OCCUPATIONAL SAFETY**

### **7.1. Sustainability**

Protecting the environment and conserving its resources are corporate goals of the highest priority. We hold recognized certifications and strictly test our products for compliance with applicable standards. We expect our employees to treat natural resources with care.

### **7.2. Climate protection**

Through our responsible management of operational processes, sustainable cascade use of our resources, and investments in new technology, we have already significantly reduced our CO2 emissions and are intensifying our efforts to record and reduce our emissions.



### **7.3. Occupational safety**

Occupational safety and the health of our employees have a high priority in our corporate culture. Our goal is to prevent all occupational accidents. To this end, we carry out constructive safety work that involves all employees. This applies both to the technical planning of workplaces, facilities and processes and to our safety-first culture, which focuses on prevention and in-depth training to ensure that working conditions become safer and safer for our employees. All employees must pay their constant attention to safety.

## **8. COMPLAINTS AND NOTIFICATIONS**

### **We speak up when something is not right!**

Notification can be made to the respective manager, the chair-person of the Group Works Council, her or his deputy, a person belonging to the Compliance Organization, a member of the Executive Board, or via the electronic whistleblower system on the Pfleiderer website at <https://www.bkms-system.com/pfleiderer> (also anonymously). Each report will be followed up. In the event of actual violations, the Legal and Compliance Department will coordinate the next steps.

Employees who report suspected violations of the Business Conduct Guidelines or other violations of the law or our internal guidelines with good intentions and who are not guilty of any misconduct themselves do not have to fear any disadvantages or negative consequences

as a result of the report. Even if the suspicion ultimately turns out to be unfounded. If employees themselves were involved in violations of the Business Conduct Guidelines or the associated policies and laws and damage to the Group can be averted through their voluntary reporting, this will be taken into account in their favor.

In order to protect Pfleiderer and enable appropriate measures to be taken, we also report (suspected) compliance violations by business partners and unfair practices by competitors to the Compliance Organization. The various reporting channels may not be misused for denunciation. Anyone who deliberately voices false suspicions in order to harm others or gain advantages must expect consequences.

## **9. COMPLIANCE MANAGEMENT SYSTEM**

The Management actively promotes the broad communication of the Business Conduct Guidelines and ensures their sustainable implementation. Compliance with the law and our internal guidelines is an integral part of the corporate culture in all Group companies worldwide. Our compliance management system includes training and communication measures, individual advice and the management of compliance-relevant processes and controls. The scope and intensity of our compliance activities are determined by our compliance risk analysis, which is updated regularly.

The Compliance Committee meets regularly. It manages and monitors compliance activities within the company. Through the interaction of our compliance management system, risk management and internal control system, we ensure compliant behavior.

Further information, guidelines and training materials are available to our employees on the Intranet under the Compliance section.



## **10. ZERO TOLERANCE POLICY**

Violations of applicable law and internal regulations can cause significant damage to our company. "Zero tolerance" therefore applies with regard to compliance violations. Irrespective of the sanctions provided by law, each employee must expect disciplinary consequences in the event of a violation of the law or internal regulations. Depending on the type and severity of the misconduct this can range from informal

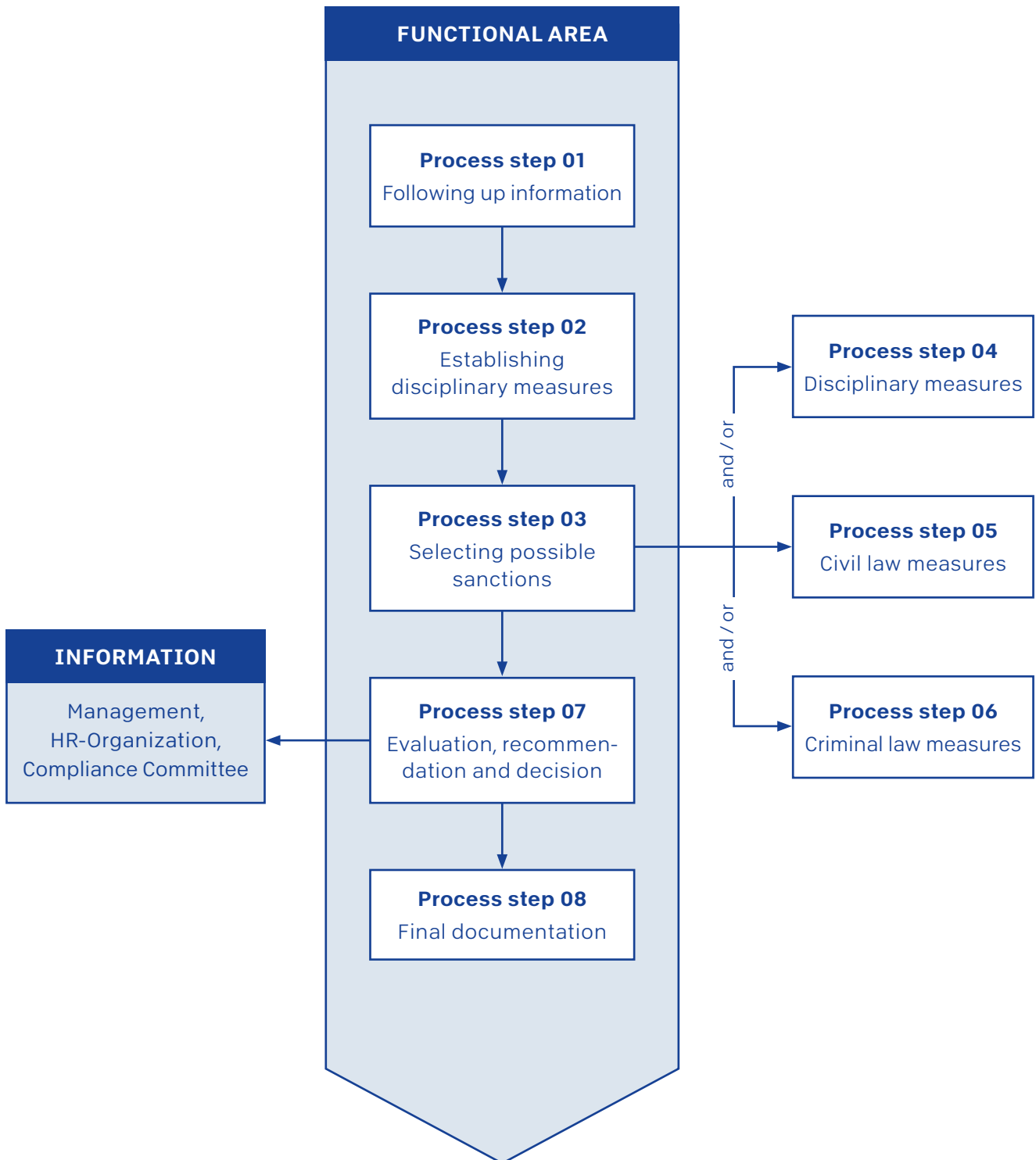
warning to suspension or extraordinary termination. The Compliance Committee evaluates and recommends the appropriate response to non-compliant behavior, and the responsible management and HR organization make the decision. A description of the sanctioning process is included as an annex to the Business Conduct Guidelines.

Pfleiderer Group B.V. & Co KG  
represented by Pfleiderer B.V.

**Attachment:**

- Sanctioning process

# FLOWCHART: SANCTIONING PROCESS



## **PROCESS DESCRIPTION: SANCTIONING PROCESS**

<b>No.</b>	<b>Title</b>	<b>Description</b>
01	Following up information	Evaluating the facts
02	Establishing disciplinary measures	In selecting the measures to be taken, the circumstances of each individual case are taken into account: <ul style="list-style-type: none"> <li>• intent or negligence</li> <li>• seriousness of the breach</li> <li>• willingness to cooperate</li> <li>• is this a repeated breach?</li> <li>• degree of participation in the breach</li> </ul>
03	Selecting possible sanctions	The following measures may be taken depending on the seriousness of the misconduct:
04	Disciplinary measures	<ul style="list-style-type: none"> <li>• informal warning</li> <li>• formal warning</li> <li>• loss/revocation of variable pay / voluntary compensation components</li> <li>• ordinary / extraordinary termination</li> <li>• compulsory compliance training</li> <li>• transfer to another position</li> </ul>
05	Civil law measures	<ul style="list-style-type: none"> <li>• compensation (economic damage, costs of pursuing legal action)</li> </ul>
06	Criminal law measures	<ul style="list-style-type: none"> <li>• criminal charges</li> </ul>
07	Evaluation, recommendation and decision	The responsible management and HR organisation evaluates and recommends the appropriate reaction to non-compliant conduct. The decision is made by the Compliance Committee.
08	Final documentation	Final documentation, implementation and report



## **II. ANTITRUST POLICY**

## 1. OBJECT & PURPOSE

Those responsible in companies must develop an instinct of which behaviors, agreements and decisions are permissible under antitrust law, which are questionable and which are pro-

hibited. This policy introduces the topic of antitrust law and provides concrete instructions for action in this context.

## 2. SCOPE

This policy applies to Pfeiderer Group B.V. & Co KG and all its affiliated companies. This includes

the management, executives and all other employees of the Group companies.

## 3. WHAT IS ANTITRUST LAW?

Antitrust law is the law against restrictions of competition, which is intended to ensure fair competition.

The three pillars on which antitrust law is built are:

- **Prohibition of cartels:** prohibition of agreements between undertakings that restrict competition, decisions by associations of undertakings, and concerted practices.
- **Prohibition of abuse:** Prohibition of exploitation of a dominant market position
- **Merger control:** Control of corporate mergers

The market share of the companies concerned is regularly of great importance for an assessment of facts under antitrust law. In antitrust law, the identification of the market share allows a better assessment of the competitive situation on a market. Difficulties regularly arise because the market share is not a fixed but a fluctuating variable. In order to determine the market share under antitrust law, the relevant geographic and product market must first be defined. In the relevant product market, it is examined which products compete with each other in terms of price, quality or intended use from the customer's point of view. The relevant geographic market is defined as the area in which customers meet their demand for a particular product.

## 4. PROHIBITION OF CARTELS

**PROHIBITED** are agreements between companies (in particular between competitors concerning price, quota, customer or territorial agreements and agreements between suppliers and customers concerning resale price maintenance), resolutions of business associations, and coordinated practices which have as their object or effect a noticeable restriction of competition.

Agreements do not only include contracts, but also so-called „gentlemen’s agreements“, which are not intended to create a legal obligation, but a moral, economic or social obligation. The term coordinated practice, on the other hand, covers any form of deliberate adjustment of the behavior of a at least two companies in order to eliminate the risks of competition. It is not necessary to draw up a joint plan for this. Rather, the conscious,

independent adaptation to the wishes of another company and/or the market behavior is already sufficient.

The EU Commission considers agreements between competitors to be noticeable if their combined market shares on the market concerned exceed 10%. Agreements between suppliers and customers are considered to be noticeable from a market share of 15% each.

### 4.1. RELATIONSHIP WITH COMPETITORS (HORIZONTAL RELATIONSHIP)

Competitors are those companies that are active in the same market as Pflöiderer. This also includes those companies that must be considered as potential competitors because they are expected to enter the market within a foreseeable period of time.

The following conduct with respect to competitors is generally prohibited or permitted only under certain conditions:

- **Price agreements:** All agreements to fix or stabilize prices between competitors are prohibited. This includes, for example, agree-

ments on maximum and minimum prices, discounts, the timing of price changes, and price-related measures such as payment terms, credit periods, default interest rates and the scope of guarantees.

- **Condition Agreements:** Agreements on conditions: Agreements on conditions not (exclusively) related to price at which the companies involved buy or sell goods or services are also questionable under antitrust law, e.g. if several competitors agree to divide their overall product range into jointly defined price and quality categories.

- **Market sharing (territories, customers, quotas):** If competitors divide markets among themselves by allocating territories or customers to each other, or by setting certain (sales) quotas, this is illegal from an antitrust perspective. Quota agreements are of particular concern because securing volumes, sales or market shares deprives the companies involved of the incentive to reduce prices or take other measures that would normally be necessary to gain larger quotas.
- **Joint purchasing:** Purchasing cooperations are agreements on the joint purchase of goods or the joint procurement of commercial services. In principle, such cooperations are only subject to a ban on cartels if the parties hold joint market shares of more than 15% on the markets concerned (demand and sales market). In other cases, this type of cooperation may also be exempt from the ban on cartels if it involves efficiency benefits that are passed on to consumers.
- **Joint marketing:** Agreements between competitors on the joint marketing of their products or services are prohibited in particular if

they involve the fixing of prices for the jointly sold products. An exemption from the prohibition exists if the marketing agreement relates only to the mutual distribution of the products or to joint advertising and not to the fixing of prices. A further prerequisite for an exemption is that the resulting performance gains are passed on to consumers.

- **Exchange of market-relevant information:** Competitors are allowed to meet, discuss and exchange information – but they must observe the limits of antitrust law. The exchange of information that is generally available is unobjectionable. Market information systems, on the other hand, are questionable if only a few companies participate in the information system, if the market information can be used to draw conclusions about the key competitive figures of the participating companies or if the future behavior of individual market participants can be derived from forecasts. Irrelevant to any type of information exchange is whether it takes place directly or indirectly via an intermediary. Unilateral disclosure of sensitive information may also constitute a violation against antitrust law.

#### **4.2. RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS (VERTICAL RELATIONSHIP)**

- **Reseller price maintenance:** Reseller price maintenance is generally prohibited. As a rule, suppliers may not dictate to their merchants the prices to be charged to the subsequent customers. As a matter of principle, merchants must always be free to decide for themselves which prices to charge their customers.
- **Maximum price maintenance:** Maximum price maintenance is generally permitted if the market share of none of the parties involved (supplier, customer, intermediary, etc.) exceeds a level of 30% on all relevant markets on which the goods or services are offered. This does not apply only if suppliers

## II. ANTITRUST POLICY

### PROHIBITION OF CARTELS

exert pressure or grant incentives (e.g. discounts) to enforce them and the maximum prices thus actually have the same effect as fixed or minimum prices.

- **Recommended prices:** Non-binding price recommendations are also generally permitted. The situation is different if the price recommendations actually have the effect of fixed or minimum prices due to the exertion of pressure or the creation of incentives by one of the contracting parties. Inadmissible pressure would be, for example, the threat to discontinue or delay delivery if the recommended price is not complied with.
- **Most favored nation clauses:** Such clauses oblige the supplier not to grant more favorable purchasing conditions to other buyers than to the contracting party; they may also create an obligation for the supplier to retroactively grant the same (more favorable) purchasing conditions to the contracting party. If the market share of none of the parties involved (supplier, customer, intermediaries, if any) exceeds 30% on all relevant markets on which the goods or services are offered, these clauses are permissible.
- **Exclusivity agreements:** If a buyer undertakes to purchase a good or service exclusively from a certain supplier, this also constitutes a restriction of competition which is generally covered by the ban on cartels. The same applies to obligations of the buyer to purchase more than 80% of its total purchases of contract goods and their substitutes on the relevant market from the supplier itself. Such purchase commitments in vertical relationships may in principle be agreed for a period of up to five years if the market share of the parties involved (supplier, buyer, intermediary, if any) does not exceed a level of 30% on all relevant markets on which the goods or services are offered.
- **Non-competition clauses:** In some cases, buyers are also required not to manufacture, purchase, sell or resell goods or services that compete with the goods or services purchased from the supplier. These actions are also covered by the prohibition of cartels. Like exclusivity agreements, they are permissible for a period of up to five years if the market share of the parties involved (supplier, customer, possibly intermediary) does not exceed 30% on all relevant markets on which the goods or services are offered.





## II. ANTITRUST POLICY

### PROHIBITION OF CARTELS

- **Territorial protection/exclusivity:** Under certain conditions, antitrust law permits the granting of territorial protection. Accordingly, the merchant can be obliged not to be active outside its contract territory. However, if the merchant is prohibited from responding to inquiries from customers outside the contract territory, such an agreement is inadmissible.
- **Selective distribution:** In so-called selective distribution systems, the supplier and the distributor agree to supply the contract goods (provided by the supplier) only to distributors who meet certain criteria set by the supplier. In selective distribution systems, suppliers may commit to supply only one or more authorized retailers in a specific territory. However, retailers must be free to also actively supply all end customers regardless of their place of business or residence. Restrictions that deviate from this are not permitted under antitrust law.

#### 4.3. EXEMPTION FROM THE PROHIBITION OF CARTELS

**EXEMPTIONS to the prohibition of cartels are agreements between companies restricting competition, decisions by business associations or coordinated practices if:**

- they allow consumers to participate appropriately in the resulting profit;
- they contribute to an improvement in the production or distribution of goods or to the promotion of technical or economic progress;
- no milder means than the imposed restriction of competition is available, and
- this does not open up the possibility of eliminating competition in respect of a substantial part of the products in question.

In addition, numerous cooperative arrangements between companies are exempt from the prohibition of anti-competitive agreements. Examples of cooperations that are exempt may include certain purchasing and distribution

cooperations, medium-sized cartels, specialization cartels or research cooperations. The market share of the companies involved often determines whether a restriction of competition is permissible in the context of a cooperation.

## 5. ABUSE OF A DOMINANT POSITION

A company is dominant if it is without competition (monopoly), does not face any significant competition on its market (oligopoly), or has a dominant market position (company operates largely independently of competitors).

A strong market position is, of course, not generally problematic. However, companies

with a dominant market position are subject to more stringent requirements with regard to proper conduct under competition law. A dominant company behaves in violation of antitrust law if it abuses its market power and discriminates against, exploits or hinders other players on the market.

### 5.1. EXAMPLES OF ABUSIVE BEHAVIOR

- **Price discrimination:** Companies must ensure that they do not charge individual companies higher prices than others without an objective reason. An objective reason for price discrimination can be savings in products, distribution and logistics due to a higher purchase volume.
- **Refusal to supply or take delivery:** Although companies are generally free to choose their customers and suppliers and may also negotiate high or low prices and favorable terms and conditions, dominant companies must ensure that all eligible customers and suppliers are treated equally when making purchasing or sales decisions. A refusal to supply or take delivery must be based on an objective reason.
- **Prohibition of tying:** Abusive behavior may consist in a dominant company tying the sale of one product to the sale of another product or service without any objective reason.
- **Selling below cost price:** Companies that have dominant market positions may not use their market power to unfairly hinder small and medium-sized companies. Unfair hindrance is assumed, for example, if goods or commercial services are offered below cost price.
- **Discount systems:** Certain discounting practices by market-dominant suppliers may constitute an abuse of their market position. This applies in particular to loyalty rebates and, where applicable, also to sales rebate systems. Such discount systems can have an impermissible pull effect, as customers strive to cover as much of their purchasing needs as possible from the dominant supplier in order to obtain the highest possible discount.

## 6. MERGER CONTROL

A merger is usually a permanent connection between two companies (e.g. acquisition, joint venture). Since the merger of several companies may result in an increased market share

of the merged companies, under certain conditions such mergers are subject to the approval of the respective antitrust and competition authority.

## 7. CONSEQUENCES OF VIOLATIONS OF APPLICABLE ANTITRUST LAWS

A violation of the applicable antitrust regulations may among others result in the following serious consequences:

- All agreements based on a violation of anti-trust law are invalid under civil law, so that the company has no claims for performance or damages against its contractual partner.
- For violations of the prohibition of cartels, companies can be fined up to 10% of their total sales in the previous fiscal year. It is also possible for the German Federal Cartel Office to skim off the benefits obtained as a result of the cartel violation.
- Imposition of fines on employees involved of up to EUR 1 million.
- A violation of the prohibition of cartels is not a crime per se, but may constitute a criminal offense (e.g., fraud under Section 263 of the German Criminal Code) and result in a prison sentence.
- Any company that has suffered damage as a result of a contract that restricts competition or as a result of corresponding behavior may seek damages from the company involved in court.
- Image loss for the company and all involved.
- **Caution:** Liability is not only directed against the company (legal entities), but the respective employees themselves may also be affected. In addition, those affected must also expect considerable consequences under labor law as a result of their behavior, which can range from a warning to termination of the employment relationship. Furthermore, the employer may assert claims for damages.

## **8. AFFILIATED DOCUMENTS**

- Checklist Behavior towards Competitors and Business Partners
- Checklist Information Evaluation Antitrust





A close-up photograph of two people shaking hands. The person on the left is wearing a dark blue pinstriped suit jacket and a light blue button-down shirt. The person on the right is wearing a dark blue suit jacket. The background is a bright, slightly blurred white wall. The text is overlaid on the upper left portion of the image.

# **III. ANTI- CORRUPTION**

POLICY AGAINST BRIBERY  
AND CORRUPTION

## 1. OBJECT & PURPOSE

Corruption is a topic that affects every company and all employees. If the applicable rules are infringed, this can cause substantial damage to the company, but also to the acting persons. Any kind of corruption is incompatible

with our core principles, Pfeleiderer is clearly committed to fighting corrupt behavior. The object of this policy is to provide an overview on the subject and to give concrete advice on how to act.

## 2. SCOPE

This policy applies to Pfeleiderer Group B.V. & Co KG and all its affiliated companies. This includes

the management, executives and all other employees of the Group companies.

## 3. WHAT IS CORRUPTION?

The term corruption is not legally defined and covers a wide range of acts. Generally, this is understood as the abuse of entrusted power

for the personal benefit or advantage of a third person.

### 3.1. CORRUPTION IN COMMERCIAL PRACTICE (§ 299 STGB)

#### 3.1.1. Taking bribes

Taking bribes includes any request, promise or acceptance of an advantage for oneself or a third party.

#### 3.1.2. Giving bribes

Giving bribes includes any offer, promise or grant of an advantage. It does not matter whether the recipient accepts the offer, even the attempt is considered a bribe.

### III. POLICY AGAINST BRIBERY AND CORRUPTION CORRUPTION

#### 3.2. CORRUPTION TOWARDS PUBLIC OFFICIALS (§§ 331-334 STGB)

The term public official is broadly defined. This includes:

- Judges and prosecutors;
- Civil servants and employees entrusted with the performance of public administration duties;
- All persons with an employment relationship under public law.

The legal form under which the public duties are performed is irrelevant. For example, a member of the management board of a bank which is managed as a public corporation has been deemed to be a public official. Employees of the State Forests are also to be considered public officials.

#### 3.3. WHAT IS A BENEFIT?

Benefit means all tangible and intangible improvements of the economic situation of the recipient or a third party. These include, but are not limited to:

- Cash, loans or cash-like benefits, such as vouchers;
- Discounts;
- Gifts, travel, hospitality;
- Promotion of career advancement, job opportunities (e.g., apprenticeships for children);
- Gifts in kind and other favors that are of value to the person receiving them.

##### 3.2.1. Accepting/granting benefits

This is understood to mean a benefit for the performance of a lawful official act by a public official. This includes the favorable treatment of a request within the framework of a discretionary decision (= decision for which a certain degree of leeway exists, not a mere approval or rejection of a request).

##### 3.2.2. Taking / giving bribes

This is understood to mean a benefit for the performance of a specific unlawful official act by a public official (breach of official duty) within the scope of a bound decision (= decision for which no leeway exists, approval or rejection of a request).





### III. POLICY AGAINST BRIBERY AND CORRUPTION CORRUPTION

#### 3.4. CORRUPTION WORLDWIDE

In almost all countries worldwide, laws exist that prohibit bribery and corruption, especially towards members of the public sector/service.

The German Criminal Code also covers acts of bribery in connection with European public officials. Furthermore, the Act on Combating International Bribery opens the scope of German criminal law to bribery of all other foreign public officials.

The scope of some laws is very broad and they apply worldwide and to all persons. The UK Bribery Act, for example, criminalizes acts of

bribery against domestic and foreign public officials, regardless of where in the world they are carried out. In order to fall within the scope of the Act, it is sufficient to have business contacts in the United Kingdom.

The U.S. Foreign Corrupt Practices Act (FCPA) criminalizes all executed or attempted acts of bribery on U.S. territory against foreign public officials. This applies to all persons who are in the U.S., even if their stay is only temporary. Even an e-mail sent from the U.S. or a telephone call from there can be sufficient.



## **4. RULES OF CONDUCT TO PREVENT VIOLATIONS**

### **4.1. THE „OFFERING AND GRANTING OF BENEFITS“**

#### **4.1.1. In commercial practice**

As a matter of principle, you may not directly or indirectly offer or grant unjustified benefits (see 3.3.) of a material or immaterial nature in commercial practice. An exception applies if a benefit complies with the following principles:

- It is not excessive, appropriate and within the bounds of business practice;
- It is a benefit of low value (social adequacy) – both in itself and in sum with other benefits already received by the same person;
- It does not give the impression of being intended to influence the person receiving it, or that it is dishonest or incorrect;
- There must never be a linkage to quid pro quos.

Considered reasonable are regularly, for example, promotional gifts, small gifts, visits to the plant with an appropriate entertainment program or business lunches and dinners. In cases of doubt, you should discuss the matter with your manager and obtain his or her prior approval.

#### **4.1.2. Towards public officials**

Without the prior consent of the manager, gifts to public officials are generally prohibited. The manager may only give his or her consent if the gifts are socially appropriate and symbolic in nature, such as small promotional gifts (pens, key rings, etc.), low-value gifts on anniversaries or personal holidays, and the invitation to a few drinks at a meeting of investors with public officials to discuss a project. Hospitality that goes beyond this is only permitted if it is recognizably connected with a business event, proportionate and not granted on a regular basis. In case of doubt, care should be taken and the legal department should be contacted, as the line of what is allowed is drawn more narrowly by case law than it is for “normal” business dealings.

#### **4.1.3. When engaging consultants, brokers, agents or similar third parties**

If Pfleiderer engages consultants, intermediaries, agents or similar persons for the performance of tasks, it must be ensured that the rules defined in this policy are also complied with by these persons and that they do not offer or grant any unfair material or immaterial benefits in connection with the business activity performed for Pfleiderer.

#### **4.2. THE „DEMANDING AND ACCEPTING OF BENEFITS“**

The same rules as to offering and granting benefits apply to demanding and accepting them, only in reverse. When acting in the course of your employment, you may not accept any benefits of a material or immaterial nature. This does not include the acceptance of low-value occasional gifts, which are generally considered to be promotional gifts or tokens of appreciation. Even in the case of occasional gifts of low value, however, you should ensure that the frequency and timing of the gifts do not create the appearance of influence. The same applies with respect to entertainment

and business meals. Due to local customs or other special business circumstances, especially with foreign business partners, an exchange of more valuable gifts may also be considered. However, such gifts may only be accepted on behalf of Pfeiderer and with the approval of the management of your employer. The latter must then also be given the gifts for further disposition. Finally, you may not have your travel expenses paid for by sources outside Pfeiderer without the consent of your employer's management.

#### **4.3. GENERAL RULES OF CONDUCT**

- Disclose any personal interest that may be related to the performance of your official duties to your manager.
  - Do not allow private orders to be carried out by companies with which you have dealings in the course of your business activities if this could result in any advantages for you. This applies in particular if you have a direct or indirect influence on the awarding of business contracts.
  - Treat suppliers fairly when bidding for contracts and select them based on factual and understandable criteria.
  - Commission arrangements or brokerage fees are agreed exclusively with reputable consultants, brokers, agents or similar third parties. Such must always be recorded in writing and care must be taken to ensure that the
- commissions are appropriate and customary in the industry and comply with the applicable law. For reasons of transparency and documentation, cash payments are prohibited in this context.
- Commission arrangements or brokerage fees are agreed exclusively with reputable consultants, brokers, agents or similar third parties. Such must always be recorded in writing and care must be taken to ensure that the
- commissions are appropriate and customary in the industry and comply with the applicable law. For reasons of transparency and documentation, cash payments are prohibited in this context.

## **5. CONSEQUENCES OF VIOLATIONS OF APPLICABLE ANTI-CORRUPTION LEGISLATION**

### **5.1. CONSEQUENCES FOR INDIVIDUALS**

#### **5.1.1. Consequences under criminal law**

- Acts of bribery in commercial transactions can result in up to three years' imprisonment or a fine;
- Acts of bribery towards public officials can result in:
  - Imprisonment for up to three years or a fine in case of granting benefits;
  - Imprisonment from three month to five years in case of bribery.
- In particularly serious cases, a higher range of penalties is available. Furthermore, management and executives may be convicted of aiding (Section 27 StGB) criminal acts committed by employees if such acts were tolerated.

#### **5.1.2. Consequences under civil law**

If Pfeleiderer suffers damage as a result of a violation by an employed person, this can be claimed in the form of damages from the person acting. In addition, the company has the right to claim the return of unlawfully obtained benefits (e.g. received facilitation payments).

#### **5.1.3. Consequences under labor law**

- Pfeleiderer may issue a warning to the person concerned;
- Depending on the severity of the violation, it is also possible to terminate the employment relationship (without notice).

#### **5.1.4. Consequences under regulatory offence law**

- Owners of a company may be subject to a fine of up to EUR 1 million for violations committed by their own employees under the Regulatory Offences Act, unless appropriate supervisory measures have been taken to prevent corresponding violations (Section 130 of the Regulatory Offences Act [hereinafter „OWiG"]);
- The same applies to management and employees with managerial duties (Section 9 OWiG).

## **5.2. CONSEQUENCES FOR THE COMPANY**

- Fine up to EUR 10 million;
- If applicable, claim for damages by other companies against the infringing company;
- Termination of the contract obtained through acts of corruption;
- Exclusion from award procedures for future public contracts;
- Forfeiture / profit skimming of the better position resulting from the infringement (companies should not be in a better economic position after an infringement);
- Loss of image for the company.

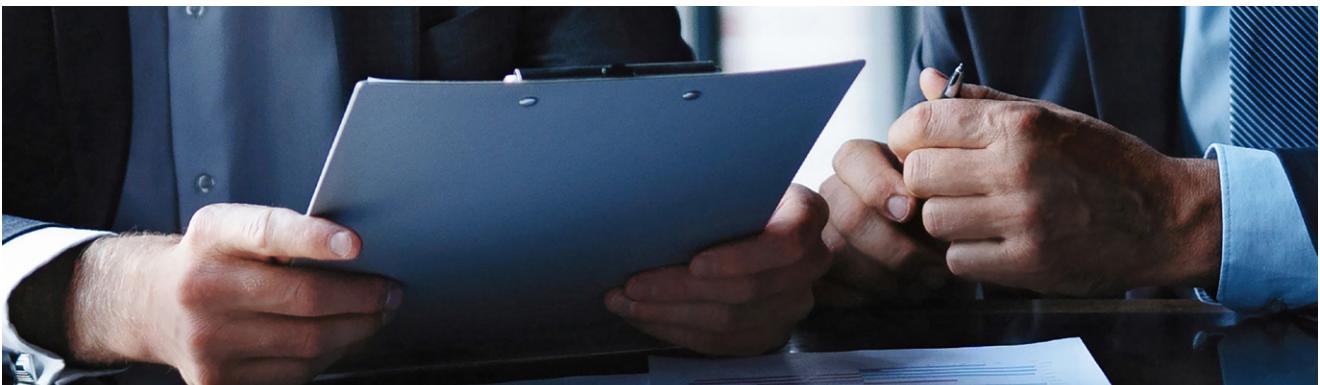
## **6. NOTIFICATION OF VIOLATIONS**

If you become aware of any circumstances that may indicate a violation of this policy, we strongly encourage you to report these con-

cerns. For this purpose, the known reporting channels are available.

## **7. AFFILIATED DOCUMENTS**

- Rules of Conduct Hospitality and Gifts
- Checklist Evaluation Hospitality and Gifts
- Guideline UK Bribery Act



# **IV. MONEY LAUNDERING POLICY**



## 1. OBJECT & PURPOSE

This policy serves to identify possible suspicious cases in the area of money laundering

and to comply with the requirements of Section 9 GWG (Geldwäschegesetz).

## 2. SCOPE

This policy applies to Pfleiderer Group B.V. & Co KG and all its affiliated companies. This includes

the management, executives and all other employees of the Group companies.

## 3. WHAT IS MONEY LAUNDERING?

Money laundering is a process aimed to conceal or disguise the traces of illegal assets (e.g. money from trafficking of drugs and weapons,

smuggling, corruption, etc.) in order to use them in the future as seemingly legal assets in regular business transactions.

## 4. WHAT DOES THIS MEAN FOR OUR COMPANY?

In order to prevent money laundering, the current German Money Laundering Act imposes general duties of care (Section 10 GWG):

- Identification of the contract partner (Business Partner Check)
- Obtaining information about the purpose & nature of the business relationship
- Clarification as to whether there is a beneficial owner and, if so, identification of the beneficial owner
- Determining, using appropriate risk-based procedures, whether the contracting party or beneficial owner is a politically exposed person, a family member, or a person known to be close to the contracting party or beneficial owner
- Retention period of 5 years for the records and documents prepared in this context (Section 8 (4) GWG)
- Continuous monitoring of the business relationship

#### **IV. MONEY LAUNDERING POLICY** MEANING / ANNEX

If the first three duties of care cannot be fulfilled, the business relationship may not be established or continued. In this case, a suspicious activity report must be submitted to the Legal Department without delay.

In this context, please also refer to the attached checklist of indicators that point to possible

money laundering in the business partner's environment, as well as the workflow for making the decision as to whether a suspicious activity report must be filed pursuant to Section 43 (1) GwG.

**Please contact the Legal and Compliance Department with any questions.**

## **5. AFFILIATED DOCUMENTS**

- Money Laundering Policy Annex 1 Checklist/Indicators
- Money Laundering Policy Annex 2 Decision Workflow „Suspicious Activity Report on Money Laundering“

### **DO YOU HAVE ANY QUESTIONS? PLEASE GET IN TOUCH WITH US!**

If you have any questions or comments, please contact the Pfeiderer compliance helpdesk:  
[\*\*compliance-helpdesk@pfeiderer.com\*\*](mailto:compliance-helpdesk@pfeiderer.com)







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MADE IN GERMANY

**Good to know: the Pfleiderer quality promise.**

Pfleiderer wood-based panels stand for quality without compromise. We use sustainable raw materials and state-of-the-art production processes and we are fully committed to our site in Germany. For more information, visit [quality.pfleiderer.com](https://www.quality.pfleiderer.com).