

# **Compliance Guidelines**

## **Suppliers and distribution partners**

### **of the HUESKER Group**

**(2014 version)**

#### **Preamble**

The HUESKER Group practices a corporate culture in which the observance of the principles of business ethics and all applicable laws represents a major business objective and shapes the business activities of HUESKER (compliance).

HUESKER expects its contractual partners to see themselves similarly bound to these business objectives, particularly in connection with their business activities with HUESKER.

For the practical implementation of these principles, HUESKER has developed the present Compliance Guidelines, which are applied without limitation in HUESKER's relationship with its contractual partners, particularly in the fields of suppliers and distribution.

These compliance guidelines pursue the objective of promoting the corporate activities of the HUESKER Group and its contractual partners via ethically correct actions that correspond to the respectively applicable national and international laws, as well as preventing infringements against these principles.

This preamble forms part of these Compliance Guidelines.

#### **I. General provisions**

##### **1. Basic values**

The essential fundamental values of HUESKER within the scope of its business activities are

- The observance of existing laws as well as the principles of business ethics nationally and internationally as part of any business activities,
- A fair collaboration at all levels of business activity and the exclusion of conflicts of interest,
- The observance of human rights, particularly protection against discrimination and the observance of ethical principles in the working world (ban on child labour),
- Any prevention of the possibility of suspicion of or actions of corruption, giving or accepting bribes, or deception with regard to domestic or overseas officials or business partners of the contractual partner of HUESKER or HUESKER itself,
- Prevention of any suspicion or actions of money laundering,
- Maintenance of confidentiality and data protection, particularly in relation to HUESKER, and ethically and legally compliant behavior in social networks and the observance of the principles of IT security,

- The observance of the rules of anti-trust law and competition law both nationally and internationally,
- The observance of national and international regulations of proper accounting and the respectively applicable tax law,
- Observance of environmental standards of sustainability and of health protection, notably during product development,
- Observance of the basic rules of product safety.

## **2. Formal obligation**

The contractual partner commits to always take into account the basic values of HUESKER and the rules of business ethics and the applicable laws with regard to the HUESKER Group within its activities for HUESKER and beyond, and will ensure the observance of these values, laws and rules in its business area as well as in its dealings with its business partners.

## **3. Handling of possible legal infringements in the past**

Possible legal infringements by the contractual partner as part of his earlier activity, including where they occurred for HUESKER, that took place before the agreement of these Compliance Guidelines, and that in the present or in the future can lead to legal or economic disadvantages for HUESKER within Germany or abroad, in particular due to the introduction of official measures with regard to HUESKER, the contractual partner will disclose this to HUESKER without a separate request from HUESKER in this regard. HUESKER and the contractual partner will, in such cases, jointly devise a solution in order to prevent current or future legal disadvantages for HUESKER and the contractual partner based on legal infringements in the past. If a contractual partner discloses such infringements that occurred in the past, HUESKER guarantees not to terminate the contractual relationship with the contractual partner due to such infringements in the past unless the contractual partner has infringed upon criminal law.

The contractual partner guarantees HUESKER, insofar as he committed such legal infringements or acted or failed to act in a manner that contravenes the principles of business ethics in the past which can indicate legal infringements, that he will prohibit these in the future.

## **4. Information**

The contractual partner commits to HUESKER to immediately report to the Compliance Board at HUESKER in writing any infringement that occurred in his business area against the rules of business ethics and applicable law, in particular the initiation of official measures with regard to the contractual partner in his business area, including where this relates to legal infringements by business partners of the contractual partner within the scope of the activity of the contractual partner in his relationship with HUESKER. The grossly negligent ignorance of such legal infringements by the contractual partner of HUESKER is comparable with the non-disclosure of such legal infringements or initiated official measures in relation to HUESKER. Infringements by the contractual partner against these duties to inform can entitle HUESKER to the extraordinary termination of existing contractual relationships with the contractual partner.

## **5. Confidentiality**

HUESKER ensures the contractual partner that it will treat as confidential infringements against the principles of business ethics or the respectively applicable laws in the contractual partner's business area that become apparent on application of these Compliance Guidelines insofar as HUESKER is not hindered in doing so by corresponding legal or ethical rules.

## **6. Conflict management**

HUESKER operates worldwide. Ethical and legal regulations are subordinate to globally local or national situations. There are often differences between the laws and business customs of individual countries. Contractual partners of HUESKER who do not know how they can or should act against the backdrop of regional, national and international laws and business customs within the scope of the contractual relationship with HUESKER can consult the Compliance Board established by HUESKER in this regard and – including in relation to individual cases – develop with HUESKER a specific coordination of action in order to prevent possible infringements against applicable ethical principles or national or international laws. This also applies to the occurrence of conflicts of interest of the contractual partner or his employees in his relationship with HUESKER.

## **7. Applicable law**

These Compliance Guidelines are subject to the law of the Federal Republic of Germany. This choice of law also applies where the specific contractual relationship of HUESKER to the contractual partner should be subject to another legal order.

# **II. Special provisions**

## **1. Combatting corruption**

The contractual partner is aware that

- Bribery or the granting of an undue advantage with regard to officials in Germany or abroad represents a criminal offense under German criminal code (in Germany: Strafgesetzbuch = StGB) and international criminal law (EU anti-corruption law, international bribery law),
- Bribery in business transactions with regard to an employee or agent of a business operation in Germany is liable to prosecution, including when the corresponding action is undertaken abroad (Article 299 German criminal code = § 299 StGB),
- The reference to "local customs", particularly abroad, does not represent exoneration that excludes responsibility under criminal law due to bribery or granting of an undue advantage.

Corruptive payments or benefits or influence over the decisions of third parties can never be a basis for a business relationship with HUESKER.

The contractual partner ensures in particular not to offer, promise or grant, either directly or indirectly, unlawful payments, donations, gifts or other financial benefits to the holders of

public offices, members of the government or political parties, as well as other public or private decision-makers, including other business partners, employees of business partners or any other persons associated with business partners, in particular not to have any influence over

any of their decision-making or to acquire from them any unfair preferential treatment for the contractual partner or for HUESKER. The contractual partner of HUESKER guarantees not to promise or grant payments, donations, gifts or other pecuniary advantages to employees or representatives of HUESKER.

The handing over of gifts or the acceptance of entertainment expenses that are socially customary in the respective business area and do not infringe upon foreign or German criminal law, or their rejection would contravene local values and local expectations of hospitality, are permitted when it cannot reasonably be expected that these represent regionally, nationally or internationally legally questionable preferential treatment or lead to a feeling of obligation on the part of the recipient.

The contractual partner of HUESKER will reject benefits from third parties to him, to persons close to him or employees, insofar as he initiates or arranges business directly or indirectly (for instance, as a supplier) for HUESKER, if these benefits could justify the suspicion of bribery or acceptance of benefit. The contractual partner will inform the HUESKER Compliance Board of the incident in writing.

The contractual partner of HUESKER will continuously inform himself of the applicable national and international corruption regulations in his field of activity, and ensure awareness and observance of them in his business areas.

The contractual partner of HUESKER is aware that legal infringements or the justified suspicion of such legal infringements against national and international anti-corruption laws are incompatible with the basic values of HUESKER, and infringements by the contractual partner against anti-corruption laws entitle HUESKER to terminate the contractual relationship without notice and reclaim payments made to the contractual partner as per the contract, through to the exercising of claims for damages with regard to the contractual partner.

## **2. Combatting money laundering**

The statutory offense of money laundering is proscribed both nationally and internationally. It comprises the relocation of monies or other benefits of monetary value in the lawful financial system that come from illegal activities in order to give these monies or benefits of monetary value the appearance of legality. Money laundering also includes the concealment of the origin of monies and benefits of monetary value gained via illegal or even in themselves legal activities, including where this occurs exclusively for the benefit of business partners (third parties) of the contractual partner of HUESKER. Money laundering is prosecuted both nationally and internationally, and in Germany also when the money laundering process exclusively takes place abroad and the action is threatened with punishment where it was committed overseas (Article 261 German criminal code = § 261 StGB).

HUESKER supports the combatting of money laundering both nationally and internationally. The contractual partner will develop effective strategies to combat money laundering in his business area. In particular, he will establish a monitoring system that counteracts the misuse of his company for punishable money laundering purposes.

## **3. Data protection and IT security**

Personal data is primarily owned by the natural persons or companies to whom it relates. HUESKER observes data protection.

The contractual partner of HUESKER will work in his business area to ensure the national and international rules of data protection are observed and a highest level of confidentiality in electronic communication is ensured, including where social networks are used as a means of communication within the scope of the contractual relationship with HUESKER.

The contractual partner of HUESKER will ensure that his IT facilities and IT systems are only used for lawful operational purposes in his business area, including in particular where this concerns the contractual relationship with HUESKER and its employees and business partners. The contractual partner of HUESKER will protect his IT systems against unauthorized access by third parties (“hackers”) by using the respective current security systems (“firewalls”).

For his part, the contractual partner will treat as confidential any confidential business information of HUESKER and ensure the observance of the confidentiality of such information in his business area, if necessary by using suitable encryption techniques.

#### **4. Environmental protection and sustainability**

The HUESKER Group is aware of its social and ecological responsibility. HUESKER sees itself committed to the principles of ecological sustainability.

The contractual partner of HUESKER will also implement these objectives as part of his business area and conduct his business in such a manner that, particularly within the scope of his contractual activity for HUESKER, all relevant regional, national, and international environmental protection requirements, safety and health regulations are observed and fulfilled. The contractual partner is to report to HUESKER immediately in writing any actual or assumed deviations from these guidelines and provisions.

#### **5. Antitrust law, competition and intellectual property**

Antitrust law and competition law prohibit negotiations or contracts that lead to competitive restrictions in an unfair or immoral manner. This should be understood to include, in particular, agreements between competitors in which prices or the exclusion of a competitive situation are determined or controlled or via which markets and regions are divided between competitors or manipulated, without this being legally permitted.

HUESKER avows itself to globally fair competition. In his business areas, the contractual partner of HUESKER will, in particular, not agree to any artificially high offers or prices or other conditions with his business partners, their representatives or other third parties (suppliers) in order to thus create economic benefits for himself or third parties or cause economic disadvantages for third parties. The contractual partner of HUESKER will prevent the false appearance of lawful competition within his industry.

The contractual partner of HUESKER will regularly and comprehensively inform himself about international trade restrictions and bans, and observe these within the scope of his activity, particularly in relation to HUESKER.

#### **6. Observance of tax regulations**

HUESKER operates worldwide. The activity of HUESKER is subject to the supervision of various (national) tax authorities. The contractual partner of HUESKER will, insofar as he acts

for HUESKER, ensure that his activities do not result in an infringement against binding tax regulations for HUESKER either locally or internationally where this lies in the area of influence of the contractual partner of HUESKER.

## **7. Human rights and discrimination**

HUESKER upholds the general personal rights of each human being.

HUESKER rejects all forms of discrimination against people based on their gender, origin, skin color, age, religion, political opinion or sexual orientation. Furthermore, HUESKER condemns any economic or physical exploitation of people, in particular their payment far below regional and national conditions, in the form of child labour or via degrading working conditions.

The contractual partner shares the objective of HUESKER on human rights and against discrimination. He commits to observe general personal rights and exclude discrimination in his business area; the business partner of HUESKER will, on his part, not initiate or maintain any business relationships with such persons, companies or institutions in which the observance of human dignity, general personal rights, discrimination laws and humane working conditions is not ensured, particularly where the contractual partner is directly or indirectly reliant on the deliveries and services of third parties within the scope of his activity for HUESKER (supplier).

## **8. Product safety**

The contractual partner of HUESKER will only supply products on the market that comply with the nationally and internationally valid product safety regulations under public law, notably the product safety law (product responsibility). He will maintain a monitoring system in his business area that ensures regular product safety and the prevention of harm to people or objects by his products. The contractual partner of HUESKER avows himself to his product monitoring obligation both in relation to HUESKER and in relation to the market.

The contractual partner will immediately report to the Compliance Board at HUESKER in writing any cases of product liability insofar as such cases directly or indirectly affect the contractual and supply relationships of the contractual partner with HUESKER.