



# Corporate Compliance

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## Dear employees,

Our central objective is to deliver high value across the Group's individual divisions, in line with the interests of our shareholders, employees and the wider community.

This must be achieved in compliance with legal and ethical requirements if we are to remain competitive in the relevant market segments.



Every employee is personally responsible for complying with these principles in everything they do, regardless of their position or location.

We value our Company's good reputation: business partners, the authorities and the public all expect us to act in a professional and responsible manner. Like the rest of the management team across the Group, I am proud of the way our employees uphold these high standards.

Given the growing importance of good corporate governance and the legal risks associated with non-compliant behaviour, we think it appropriate to set out formal Corporate Compliance Principles. These new principles build on values that have been at the heart of our business for decades.

It is important that we act together to safeguard the Company's reputation. A consistently high level of integrity is essential for sustained commercial success.

A handwritten signature in black ink, appearing to read 'R. Lohmann'. The signature is stylized and written in a cursive-like font.

Reinhard Lohmann  
Chairman of the Management Board, RETHMANN AG & Co. KG

## What is corporate compliance?

**Corporate compliance means acting in conformance with laws and rules. Every employee is required to comply with the company-specific and legal rules applicable to their work activity.**

The RETHMANN Group has built a solid reputation around its core strengths. It took many years to acquire this reputation, but the thoughtless, illegal action of a single individual could damage it in an instant, which is why prevention is so crucial. Adherence to these Corporate Compliance Principles by every employee will help to reduce the risk – because the conduct of every employee has an impact on the Company’s image.

These Corporate Compliance Principles provide a framework for proper conduct but do not cover every conceivable situation or describe every relevant rule or regulation. National law often applies stricter standards, which must of course be observed. The aim of these Corporate Compliance Principles is to highlight and explain key aspects of corporate compliance, rather than providing an exhaustive list. Lawful conduct is required at all times and with reference to all applicable legislation. Please contact the Legal Department if you are ever unclear about anything.

Breaches of legal and ethical standards can have far-reaching consequences for the Company.

The possible impact includes:

- Fines
- Compensation and punitive damages
- Exclusion from contracts
- Severance of business relationships
- Exposure to blackmail
- Reputational damage
- Adverse capital market ratings

Employees who breach these Corporate Compliance Principles also face serious consequences, such as imprisonment, fines, claims for damages and employment law sanctions, including dismissal.

It is no defence for employees to claim in such cases that they were acting in RETHMANN's interests, because all such breaches harm the Company in the long run.

Any supposed benefit is negated by the possible consequences for the Company as a whole, whether viewed from a reputational or strictly commercial viewpoint.

If a business transaction is impossible without engaging in some form of unlawful or unethical conduct, we will not enter into it. An employee who refrains from such a transaction will not be penalised in any way.

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Our Company is exposed to public scrutiny. Rigorous implementation of these Corporate Compliance Principles demonstrates to business partners, the authorities, our competitors and the media that corporate compliance is embedded in the RETHMANN Group's corporate culture.

RETHMANN Group companies operate in a host of countries worldwide, which means that employees are subject to many different standards and ethical principles – some of which will be new and unfamiliar. Activities that appear to be local may also be subject to foreign jurisdiction.

These Corporate Compliance Principles are intended to provide employees with guidance in their daily work and help to prevent inappropriate behaviour. Accordingly, they aim to highlight the issues most likely to be encountered in practice. Over and above that, they should encourage employees to familiarise themselves with the relevant rules and seek advice if in doubt. Ignorance is no protection against the potential consequences of improper conduct.

Such advice can be obtained from your supervisor/manager, the Legal Department, compliance officer, or other specialist staff. This applies in particular where other companies could be put at a disadvantage, there is a threat to the Company, a serious risk is involved, or the legal position is unclear.

## 1. We are committed to fair competition – no illegal cartel agreements

**The RETHMANN Group is fully committed to free markets. Competition law plays an important part in protecting fair competition and preventing distortion.**

Breaches of competition law, especially in the USA and Europe, could have severe consequences for RETHMANN, as outlined in the introduction. These include heavy fines, actions for damages, exclusion from public contracts and reputational damage.

The employees involved also face tough penalties, including prison sentences. In addition, RETHMANN will take its own action against staff who violate competition law. Even when a business gets into serious difficulties through no fault of its own, there is no justification for anti-competitive behaviour as a way out of the crisis. No matter how difficult the circumstances, the law must be obeyed at all times.

The “effects doctrine” aspect of competition law is particularly important: in certain cases, the determining factor is not the territory where the breach took place, but the negative effect of the breach on competition in another territory.

Competition law protects competition in three ways:

- By banning cartel agreements between competitors and cartel-like mechanisms in contracts between suppliers and customers – see section 1.1
- By banning abuse of a dominant market position – see section 1.2
- By regulating company acquisitions, sales and mergers (merger control) – see section 1.3

### 1.1 Illegal cartel agreements

The main activities prohibited by competition law are:

- Price fixing
- Market share agreements
- Capacity agreements
- Allocation of regional markets
- Allocation of customers
- Price maintenance agreements



Concerted action, informal discussions and “gentlemen’s agreements” designed to restrict competition or which could have such an effect are all prohibited. Any behaviour that even remotely suggests conspiring to act in such a manner must be avoided. Concerted action with other bidders is strictly prohibited under competition law and also constitutes a criminal offence. This applies in particular to private tendering processes and award procedures in the public sector. The Legal Department must be consulted regarding all potential or actual agreements with competitors, even if they concern areas where competition is not a factor.

Caution is necessary with regard to market information. Although market research is essential and obviously permissible, not all means of acquiring information are appropriate, such as certain organisational market information processes. The often bilateral exchange of forward-looking information with competitors regarding prices, customer relationships, terms, imminent price changes etc. is particularly problematic and must be avoided. Our own calculations, capacities and plans must not be disclosed to competitors.

Sensitive competition-related information must be anonymised so that its origin cannot be identified, thereby preventing it from affecting market activity.

Awareness of competition law is also required when drawing up contracts covering the supplier-customer relationship. Clauses that affect resale prices, impose usage or resale restrictions or establish exclusivity agreements must always be subjected to careful legal scrutiny.

### 1.2 Abuse of market position

A dominant market position is not in itself illegal if it is based on a company's own success, for example. Patents also create temporary monopolies that are permitted in law. Market domination refers to a situation where a company faces no significant competition. The way such companies behave is strictly controlled by competition law to compensate for the lack of competitive pressures. A dominant market position must not be abused, i.e. it must not be exploited in a way that would be impossible or unrealistic under normal market conditions.

In particular, dominant companies are not permitted to undercut competitors with the aim of squeezing them out of the market. Similarly, customer contracts that make it impossible for other companies to compete for the same business on account of contract duration, exclusivity, discounts or bundling of products/services are banned.

Market domination may also not be abused in other ways, such as charging customers a price that cannot be economically justified. Prior legal advice must always be sought if there are grounds for believing that specific measures or terms are only possible because of a dominant market position.

### **1.3 Compliance with merger control legislation**

Company disposals, acquisitions and joint ventures above a certain size are normally subject to merger control by the antitrust authorities in Germany and beyond. Failure to notify such transactions can result in hefty fines and render the deal null and void. It is therefore essential that the Legal Department is informed at an early stage so that the notification requirements can be met.

## 2. We are committed to integrity in our business dealings – no corruption

**The RETHMANN Group has a zero-tolerance policy on corruption.**

Corruption undermines fair competition and damages both the Company's business and its reputation. In many countries, corruption is also a criminal offence, regardless of whether it takes place there or abroad. Employees must therefore never attempt to influence business partners unlawfully, whether through preferential treatment, gifts or other advantages. This is particularly important when working with representatives of government bodies or public institutions.

Our Group will not engage in business transactions that violate legal provisions or company rules relating to giving or receiving advantages. We accept that this policy may result in us losing business, but increased sales and profits can never be a justification for illegal business activity. This applies across the entire Group, without any exceptions. Every employee is bound by this policy, regardless of the country in which they are located.

The term "advantage" refers to any form of inducement, including inducements made to friends, relatives or organisations. Any giving or receiving of advantages must be in accordance with the law and our own internal rules. Where stricter provisions exist, they always take precedence.

Employees are strictly forbidden from soliciting personal inducements or offering or giving cash (or similar) inducements. This does not apply to payments made in the form of donations (see section 2.1).

Where business partners are concerned, advantages must not be given or accepted in connection with the acquisition, awarding or performance of contracts. Any advantage must also be judged permissible under the laws to which the parties concerned are subject. If in doubt, you should contact the relevant Legal Department.

## **2.1 Rules on donations and sponsorship by the RETHMANN Group**

Our public standing and the trust of those around us are important factors for our commercial success. We therefore regard corporate citizenship as part of our commitment to responsible business management. This applies in particular at local and regional level, where our focus is on children and young people in education.

Although payments that clearly and expressly take the form of donations represent an advantage for the recipient, they are not a compliance issue provided they conform to the law and our internal rules.

Company regulations on signatory powers must be observed when making or approving donations.

### 3. We are committed to separating our business and private activities – no conflicts of interest

All employees must always keep their private interests separate from those of the Company.

Any actual or perceived conflict between corporate and private interests must be strictly avoided. Potential conflicts of interest should be resolved by submitting the matter to your supervisor/manager.

Examples of conflicts of interest include:

- Personnel decisions: These must not be influenced by private interests or relationships.
- Business relationships with third parties: These must be based purely on objective criteria, such as price, quality, reliability, technological merit, product suitability or the existence of a harmonious long-term business relationship. The signing of a contract or the continuation or termination of a business relationship must not be influenced by personal relationships, interests or tangible or intangible advantages. The relevant supervisor/manager must also be informed if Group employees or their close relatives establish a supplier or service relationship between a company of their own and our Group.

- "" Obtaining goods or services from suppliers or other business partners as a private individual: If an employee is able to exert direct or indirect influence on the business relationship between a Group company and a supplier or other business partner, the employee must notify and obtain approval from their supervisor/manager before placing an order with the supplier or other business partner as a private individual.
- "" Deployment of RETHMANN employees for private purposes: Supervisors and managers are not permitted to abuse their authority by deploying Group employees for private purposes.
- "" Use of company property (e.g. equipment, stock, vehicles, office supplies, documents, files, data media): Employees are not permitted to use Group property for private purposes or to remove it from the Company's site without the express approval of their supervisor/manager. Similarly, data resources, software and business documents may not be copied or removed from the Company's premises without permission.

- Taking additional employment: Any intended additional employment (including freelance work) or entrepreneurial activity must be approved by the employee's supervisor/manager. This applies in particular to employment in companies with which our Group has or could have a business relationship or with which it is or could be in competition.
- Private activity on behalf of parties or other political or social institutions: The RETHMANN Group welcomes the civic and charitable commitment of its employees, but this activity must be compatible with the obligations arising from their contract of employment.
- Personal opinions expressed by employees in public: The employee must not give the impression that the opinion expressed is that of the Company.



#### **4. We are committed to full cooperation with the authorities – no false or misleading information**

**The Company seeks to maintain a constructive relationship with all the relevant authorities while safeguarding its own interests and rights.**

All employees responsible for compiling and forwarding Company information to the authorities should ensure that the information is complete, correct and comprehensible and make it available openly and punctually.

In the event of contact with authorities such as the police and the state prosecutor, whose tasks include investigating and punishing breaches of the law, the Legal Department must be involved immediately.

In particular, information and access to files may only be provided after consulting the Legal Department.

## What do these principles mean for employees in their day-to-day work?

**The Corporate Compliance Principles both bind and protect every employee. They create a secure framework for RETHMANN Group employees that benefits the individual employee and helps ensure the success of the Company as a whole.**

All employees must ensure that their own conduct conforms to the criteria set out in the Corporate Compliance Principles. Compliance forms part of every employee's performance assessment without any special agreement to this effect being required.

All issues addressed in these Principles are covered in more detail in the corresponding legislation and internal regulations. Employees must familiarise themselves properly with the legal provisions and internal regulations relevant to their duties and take them into account during their daily work. In the event of any doubt, clarification must be sought. The Company will provide advice and make all the necessary information resources available to prevent laws being violated or rules broken. If an employee's supervisor/manager gives instructions that conflict with these Corporate Compliance Principles, the latter take precedence. In addition to support from their supervisor/manager, employees have access to the Internet for information purposes and can obtain advice from specialist departments within the Company (e.g. the Legal Department).

All supervisors and managers must take steps within their area of responsibility to ensure adherence to the Corporate Compliance Principles and legal provisions. This includes communicating, monitoring and implementing the rules applicable to their area. Any non-compliance must be actively addressed and resolved.

Every supervisor/manager must set an example within their area by demonstrating personal integrity, thereby ensuring that corporate compliance is embedded in the corporate culture.

All employees must immediately report any breaches of the Corporate Compliance Principles to their supervisor/manager, the appropriate compliance officer or the Legal Department. Improper conduct can also be reported anonymously if desired. Suspected property offences or corruption relating to the Company's business activities, such as embezzlement, fraud, breach of trust or bribery, must be immediately reported directly to the relevant compliance officer.

Internal investigation and disclosure can often prevent more serious damage or sanctions, but it is vital that such disclosure is made to the entities named above. Only they can take the appropriate legal action.

The Company will ensure that no employee is penalised as a result of reporting a suspected violation of these Principles in good faith. If the reporting employee was involved in breaches of the Corporate Compliance Principles, any action taken by the Company against the employee will take into account whether they averted damage either by making the report or by assisting with investigations when required.

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