

Compliance Directive. Compliance with Legislation and Schöck Regulations.

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Preliminary note

In 2009 a compliance directive came into effect for the Schöck Group which contains directions and regulations for rule-consistent behaviour. This directive has been modified and adapted. The principles and guidelines now contained therein shall replace the former directive, shall come into effect as of 1st October 2013 and shall apply to all companies of the Schöck Group worldwide, to the management boards and employees. In the course of the year, Compliance Officers



shall be appointed in the companies of the Schöck Group who shall henceforth be the contact persons of the Compliance Manager of the Schöck Group and assigned to him in this function. The purpose of this directive is to provide guidance, particularly with

regard to conduct in line with the principles of free competition and the prevention of corruption. In this respect it is guided by international standards, however it cannot replace legal advice in individual cases. In cases of doubt, the local Compliance Officer or Compliance Manager of the Schöck Group must be consulted. This also applies to recognised or apparent violations of the regulations defined here or of the provisions of corporate principles (Code of Conduct) applicable to the entire Schöck Group.

The company must rely on the support and cooperation of all employees in these sensitive areas. No employee shall suffer any disadvantage as a result of disclosure of information. The goal is to achieve a common understanding and a communication culture and/or to reinforce them in order to recognise undesirable developments at an early stage on behalf of the respectively involved employees as well as of the Schöck company and to be able to prevent damage to Schöck's reputation or assets that could threaten its existence.

In this connection, it must be pointed out that violations in the area of competition law or of anti-corruption provisions can involve considerable penalties for individuals or the company internationally. The amount of material damage and claims for compensation by third parties may represent a risk that could threaten the company's continued existence.

I. Principles of Corporate Ethics

1. With regard to all business decisions and actions, compliance with all relevant legislation and other definitive provisions at home and abroad, the corporate principles (Code of Conduct) of the Schöck Group, as well as all other group-wide directives is obligatory. Stable business development and cooperation to the benefit of everyone are only possible if legally relevant provisions are strictly observed and fair competition is given. Violations of competition law, corruption and other illegal conduct are not acceptable; they distort competition and lead to loss of reputation. They are able to destroy the trust particularly of customers and suppliers in the company's integrity.



2. The management boards and superiors shall ensure that the above-named provisions are announced and observed. This applies in particular to the creation of a general framework for the avoidance of anti-competitive violations and in the prevention of corruption. All executive boards, management boards and employees are therefore obliged in particular to observe the regulations of this Compliance Directive.

3. The supervisory board, executive board as well as the management boards of the Schöck Group are expressly committed to consistently fighting anti-competitive practices and corrupt behaviour as well as other considerable statutory violations with negative impacts on the company.

II. Employee Guidelines

1. Correct dealings with business partners and authorities, anti-corruption

Any practice or behaviour that can give rise to suspicion of corruption is prohibited.

Schöck Group employees are not allowed to offer, grant, request or accept any personal benefits or gifts to or from public administration employees, employees of other companies or other third parties in connection with official activities. This prohibition shall also apply if a decision of the third party concerned or the employee's decision would have been the same even if the benefit had not been granted or accepted. The appearance that it would be possible to influence a decision through benefits must be avoided.

Exceptions exist:

- ▶ For invitations to business lunches which remain within customary and appropriate bounds,
- ▶ Invitations to customary occasions (topping out ceremonies, initiations, customer events (etc.)),
- ▶ Small presents (flowers, etc.)

insofar as they are permissible with regard to type and extent owing to general directives or owing to special approvals via the responsible superiors or management boards.

It is generally and invariably prohibited to offer, grant, request or accept cash payments. Petrol and merchandise coupons which are made out to a specific maximum amount are the equivalent of cash payments and therefore are also prohibited.

The acceptance of every benefit exceeding the exceptions must be reported immediately to a superior or the management board, which will decide on the further use.

In case of uncertainty whether a practice or behaviour is prohibited or not, the Compliance Officer or Compliance Manager must be contacted. In case of doubt, it is prohibited to offer, grant, request or accept a benefit.



Any attempts on the part of third parties to exert influence on employees when making a decision in a dishonest manner shall not be tolerated; they must be reported to a superior or the management board.

2. Avoidance of conflicts of interest

Solely objective criteria are of importance within the scope of business relationships with third parties. Business relationships (contractual relations, advisory activities, employment relationships, etc.) with relatives, life partners or comparably related parties are generally prohibited. The same applies to business relationships with companies in which relatives, life partners or comparably related parties have a share directly or indirectly. An exception shall apply only if written approval of the management board was obtained prior to commencement of the business relationship.

3. Compliance with competition law

Competition law is increasingly regulated worldwide; there are diverse country-specific regulations and standard operating procedures for more and more national and international cartel authorities. In view



of this diversity and possibly resulting uncertainty whether a practice or behaviour is in conformity with applicable law and/or this Compliance Directive, the respective management board, the local Compliance Officer and/or the Compliance Manager must be informed. Any practice or behaviour whose status is uncertain with regard to a possible statutory offence is prohibited. Any and all statements made to third parties which could have competitive consequences for the Schöck Group must be agreed upon before they are issued and also in the described manner.

Schöck Group employees must observe the relevant competitive provisions. It is not allowed to misuse or exploit a possibly assumable dominant market position in individual cases especially with respect to cus-

tomers, suppliers and competitors. This applies particularly to the prohibition of horizontal agreements with competitors which can lead to noticeable restriction of competition. These agreements include price and market demarcation agreements, agreements on market shares, production or capacity agreements as well as customer and/or contract sharing.

The prohibition also applies to vertical agreements with customers, dealers or suppliers. These agreements include e.g. price fixing, long-term exclusivity agreements, exclusive dealing requirements or obligations to cover the total requirements whose effectiveness must be verified legally in individual cases.

It is prohibited to exchange information or enter agreements, particularly regarding products, prices, market shares and customer data, or to disclose other confidential or legally protected content during contact with competitors, e.g. within the scope of association work. Joint representation of interests in legislative procedures and/or in the development of technical standards is permissible.

4. Diversity, equal opportunity and tolerance (non-discrimination rule)

Schöck is committed to diversity, equal opportunity and tolerance. Direct and/or indirect discrimination is prohibited, particularly due to ethnic background, religion and life philosophy, disability, age, sexual identity or gender.

Any form of harassing behaviour, in particular bullying and sexual harassment, is prohibited. The offender can face criminal conviction and loss of his/her job through dismissal.



5. Education and training

The prevention of corruption and anti-competitive practice is addressed not only as a topic in this Compliance Directive, with regard to its influence on employment and working conditions, but also in education and training. The sensitivity for and understanding of the management boards and employees with regard to rule-consistent behaviour are reinforced by providing specific information and training as well as other suitable measures. Furthermore, every employee must familiarise himself/herself with the legislation relevant to his/her scope of functions, ordinances, other statutory regulations and directives and know them all. The companies of the Schöck Group, the management boards, superiors and Compliance Officers shall provide the support required for this.



III. Observance of the Compliance Directive

1. Together with pertinent penal regulations regarding the prevention of corruption, this Compliance Directive is handed out to employees who have documented their willingness and their will to comply with the principles by signing a declaration of obligation.

2. In case of violations of this Code of Conduct and/or of statutory regulations, the required organisational, disciplinary and legal measures shall be taken in order to thwart future offences – regardless of consequences under criminal law. Depending on the severity of the violation, this can also result in labour law-

related sanctions up to and including termination of the employment relationship.

3. Organisational principles are successful only if they are accompanied by corresponding inspection measures. For this reason appropriate inspections and plausibility checks shall be carried out.

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