

Possehl

Code of Conduct

August 2020

“...show zeal for each day's affairs of business,
but only for such that make for a peaceful night's
sleep.”

*Verdict by Johann Buddenbrook portrayed in the novel of the same
name by Thomas Mann*

Preface

Trust is an essential key factor for the success of an internationally operating group of companies. Good cooperation is based on the trust of customers and business partners, of the employees and the respective local business environments.

This can only be achieved if high standards of social conduct such as integrity, loyalty and honesty are persistently maintained. Apart from and in addition to existing laws, it is our responsibility to establish and preserve universally valid core values that guide our conduct and should form the basis for each and every entrepreneurial activity.

The Executive Board has developed this Code of Conduct in order to provide the management holding L. Possehl & Co. mbH as well as the individual divisions of the Possehl Group (hereinafter also referred to as "Possehl") and their managements with guidelines that define the framework for responsible entrepreneurial activity and integrity. This framework sets cross-divisional minimum standards, which are to be defined more precisely by each individual division with regard to their respective business activities, branch of industry and country-specific circumstances. For Possehl's managements, this Code of Conduct is directly binding. Furthermore, they are strongly encouraged to concern themselves with the contents of this Code of Conduct, and to issue precisely formulated and appropriately specified regulations for their individual division or company. In this way, suitable guidelines on how to deal with specific business situations will be made available to all employees of the Possehl Group.

This Code of Conduct comprises two key elements, firstly the principles that underly the entrepreneurial activities of the Possehl Group and which are based on Hanseatic virtues such as reliability and a down-to-earth attitude, and secondly our aim to promote the personal responsibility of each and every employee.

The companies of the Possehl Group and their managements are obliged to inform their employees about the existing codes of conduct, and to actively support them in implementing and applying these codes. Important in this respect is an open corporate culture where employees can seek advice or express their concern at any time. This is also part of the code.

The Possehl Group is a group of SME companies operating under the umbrella of the management holding L. Possehl & Co. mbH, whose activities are based on clear core values and reliable standards of conduct in order to fulfil the high standards of the Possehl Foundation, our sole shareholder. This includes ethically proper conduct of the management and the employees, maintaining the good reputation of the Possehl Group as a whole as well as that of each individual company, securing our corporate success, and promoting further growth while limiting risk at the same time.

Each and every one of us contributes to creating the basis for a trusting cooperation that rests on the responsibility of each individual.

This Code of Conduct is aimed at maintaining a high degree of social and ethical competence achieved by maximum transparency.

Commitment to maintain integrity

1. Compliance with laws

All companies of the Possehl Group and their subsidiaries based in more than 30 States are obliged to observe the legal and cultural framework conditions applicable in their countries. This Code of Conduct sets the minimum standard that shall be valid across the group, even if the legal requirements or moral standards placed on integrity are lower in a state where a company of the Possehl Group undertakes business. All employees are expected to know and observe the respective laws and internal guidelines. Particular priority is given to the protection of and compliance with internationally recognised human rights.

Even allegedly minor breaches of law during business activities can result in major damage amongst business partners and clients as well as the Possehl Group itself, and seriously jeopardise the reputation of both individual companies and the Possehl Group as a whole. Violating laws and other binding regulations may have far-reaching consequences for the employee under criminal or employment law.

If in doubt about the legal implications of their own conduct or that of their immediate working environment, employees can at any time seek advice from either their direct superior, the relevant departments, human resources, or the management.

Customers and business partners have trust in our conscientious approach to laws and guidelines.

Commitment to security, environmental protection, human rights

2. Occupational health and safety

Possehl and each individual company of the Possehl Group are obliged to offer their employees a safe working environment and fair working conditions. No employee shall be exposed to unnecessary risks. Proper operational controls and appropriate measures must be installed to prevent occupational risks. Every employee shares responsibility for effective health and safety protection at the workplace.

Compliance with safety regulations is vital. Each company shall ensure that potential safety risks are promptly addressed and eliminated.

Corporate responsibility means setting the highest standards in terms of health and safety.

Commitment to security, environmental protection, human rights

3. Responsibility for the environment

Environmental responsibility is the basis for all entrepreneurial activities within the Possehl Group. It is one of our main tasks to handle ecological challenges carefully and protect our limited natural resources. The objective is to consistently and sustainably reduce the consumption of energy and raw materials, and to decrease the negative impact on the environment.

Our companies undertake to comply with the relevant legal regulations and corporate standards on environmental protection. Furthermore, the companies of the Possehl Group actively participate in protecting the environment by accepting their responsibility for the preservation of natural resources, and by promoting the development and implementation of environmentally friendly technologies based on high quality and safety standards.

A responsible approach to dealing with the environment must be considered at all times.

Commitment to security, environmental protection, human rights

4. Social responsibility

Observance of human rights, respect for and appreciation of our fellow human beings are the prerequisites for dealing with each other responsibly.

Each company and every employee are jointly responsible for ensuring that fundamental social standards are observed and that these rights are not being violated. They are indispensable wherever people live and interact with each other and therefore equally apply to our dealing with each other within our individual companies as well as with our business partners.

Trustful cooperation is based on respect for internationally valid human rights.

Employees

5. Social interaction – non-discrimination

All employees have the right to be treated with respect.

Mutual respect and being treated fairly and politely are the prerequisites for a successful cooperation.

The Possehl Group deprecates forced labour, child labour, and any other form of exploitation and misanthropy. We support the protection and preservation of human rights.

No employee is to be discriminated, i.e. disadvantaged without material reason, because of his or her ethnic or territorial origin or affiliation, gender, age, colour, political opinion, sexual identity and orientation, religious belief, social background, physical condition, disabilities, or other personal characteristics.

Neither personal insults nor any forms of sexual harassment at the workplace are to be tolerated. Sexual harassment means all forms of unwanted verbal, non-verbal or physical conduct of a sexual nature.

Employee satisfaction is the basic requirement for a company to operate successfully.

Business Partners

6. Prevention of conflicts of interest

6.1. *Personal or private interest*

Business and personnel decisions made by our companies are based on fair and objectively verifiable criteria such as the reliability and integrity of customers, suppliers and other business partners, the quality of their products and services, as well as achieving and granting of market-compatible prices. The companies of the Posshl Group are obliged to ensure that business decisions are not influenced by the prospect or granting of personal or financial advantages to individuals. Business matters and private interests are to remain strictly separated. All companies of the Possehl Group shall undertake to actively prevent conflicts of interest in their business dealings. The individual divisions and companies shall provide their employees with suitable methods that help them to identify potential conflicts of interest and to act independent of personal relationships in the best common interest of the group.

Conflicts of interest between business matters and personal interests are to be avoided.

6.2. *Accepting and granting of gifts and invitations*

Our companies and their managements are prohibited from granting or accepting monetary gifts such as cash, financial assets or securities. Furthermore, they are obliged to implement detailed regulations concerning this matter in their own companies' compliance codes. In general, employees must not

Business Partners

solicit or accept gifts or other benefits that influence or affect independent decision-making. Insofar, sufficiently specified regulations are to be adopted that clearly define exceptions for occasional gifts of minor value and promotional gifts, as well as invitations in connection with a legitimate business purpose. These regulations shall also and in particular apply to business relationships with authorities and public officials.

**All business decisions must be made independently
and in the best interest of our company.**

Business Partners

7. Fair competition

The general principles of dealing with competitors, suppliers and customers are regulated by the applicable competition and anti-trust legislation. Agreements with competitors and other activities that illegally inhibit free and open competition, unduly influence prices or conditions, allocate business territories or customers, are prohibited. Legally protected and competition-relevant information must not be disclosed, and suppliers or other business partners must not be unduly excluded from competition. Any abuse of a dominant market position is prohibited.

Only admissible means are applied in observing and dealing with the competition.

The applicable competition and antitrust legislation applies to all business activities of the companies of the Possehl Group in Germany and abroad.

Business Partners

8. Bribery, corruption and tax evasion

The Executive Board, the Supervisory Board, the managements and all employees of the Possehl Group apply highest standards when it comes to preventing and fighting corruption. Corruption and the criminal offences which it often entails, such as tax evasion, fraud and falsification of documents, are not tolerated in our companies. Possehl companies fully comply with the applicable anti-corruption laws in all countries where they conduct business.

Granting or accepting advantages, which otherwise are contrary to the legitimate interests of our company, is prohibited. Any suspicion of bribery or corruption must be avoided. Direct or indirect payments or other means of financial benefits are not to be offered or accepted. Using irregular payment methods or other forms of disguising cash flows is likewise prohibited. Unusual monetary transactions are subject to the reporting obligation (see European Money Laundering Directive).

No personal advantages may be granted, offered, demanded or promised as consideration for illegal or unfair preferences.

Company assets

9. Quality

Maintaining highest quality standards and ensuring continuous optimisation thereof are the basis for the success of the Possehl Group. Both our domestic and international customers expect us to carry out our tasks conscientiously and with due diligence. Unavoidable divergences from approved processes, regulations, guidelines and specifications are made only after careful examination undertaken by competent employees, and shall only be effected in compliance with the applicable law and after the customer has given his express consent.

Products, methods and processes applied within the Possehl Group are constantly optimised.

Company assets

10. Internal monitoring systems

10.1. Procedures for ensuring compliance with applicable laws

Regular analyses are carried out to monitor the continuous improvement of corporate processes and procedures. Compliance with current laws and guidelines is an integral part of these analyses. Employees are provided with a number of procedures for complying with laws and regulations, as for instance signature regulations, filing systems and documentations. Evaluations are always carried out on the basis of trust.

Processes and documentations must comply with applicable standards and legal provisions.

Company assets

10.2. Complete and truthful accounting

Financial accounting must correctly reflect the financial situation of the Possehl companies. All business transactions are carefully and comprehensively documented. Accounting documents must be complete, accurate and correct. Business expenses are subject to swift and thorough accounting. Business documents remain the exclusive property of the Possehl companies, and are prepared and stored in accordance with internal regulations.

All business transactions must be properly recorded and accounted for.

Company assets

11. Protection of corporate ownership and confidential information

11.1. *Company property*

The property of the Possehl companies must be protected against loss, theft or misuse.

Tangible assets such as materials, goods, office supplies, customer give-aways, promotional gifts and equipment are to be handled with due care and used for business purposes only. Equipment and other property of the Possehl companies may not be used for private purposes or removed from company premises unless expressly permitted by a supervisor or by specific company regulations. Determining rules and practices regarding private telephone, e-mail and internet use is the responsibility of our local managements.

Company property may only be used for business purposes.

Company assets

11.2. Protection of all data

Information technology bears the risk of data abuse. The Possehl Group takes every precaution to ensure the protection of data our companies receive from employees, business partners and customers. Local laws (e.g. the General Data Protection Regulation “GDPR” of the European Union), regulations and standards regulating the handling of confidential data are always considered.

To protect the data of the Possehl companies against malware or external attacks, it is essential to strictly follow the instructions of the IT specialists responsible within the individual divisions and companies.

The Possehl companies undertake to inform their employees about the relevant applicable regulations.

The Possehl Group attaches particular importance to technically protecting all data against unauthorised access.

Company assets

11.3. Confidentiality

Employees undertake measures, both during and after their employment, to protect trade and business secrets against access by unauthorised persons. This includes internal interests as well as any information concerning customers of the Possehl companies and their business secrets. Both internal and external information are subject to absolute confidentiality. The only exception to this is information that is already publicly available or accessible to third parties or requested by a public authority.

The local managements undertake measures to avoid intra-corporate conflicts of interest, and to ensure that existing conflicts of interest have, under no circumstances, any negative impact on the external communication and conduct of employees. Absolute confidentiality must be maintained towards third parties and conflicts must be resolved internally. By no means must the interests of the company and the trusting business relationships with customers be adversely affected.

Both internal and external information is to be treated strictly confidentially.

Company assets

11.4. Communication with the media

Passing on information about the Possehl companies to the media, e.g. disclosing financial data or information related to accidents or crises, acquisitions, company sales or personnel changes in the management structure, is primarily the responsibility of the Executive Board and the Corporate Communications department of L. Possehl & Co. mbH. When disclosing information, we do so with due attention to observing general principles such as ethical and truthful reporting.

We respect the right to freedom of expression as well as the protection of personal rights and the protection of privacy. The managements of the Possehl companies implement an approval procedure within their corporate communications departments with regard to company-related expressions of opinions by individual employees. This procedure shall be applied irrespective of whether such statements may be interpreted as having a positive or a negative impact on the company.

**Statements made to representatives of the media
require prior approval.**

Validity and implementation of this Code of Conduct

11.5. Procedure

Employees of the Possehl Group are encouraged to report violations of this Code of Conduct, or any specified codes issued by individual divisions or companies, or other internal guidelines applicable within the Possehl companies, or non-compliance with legal requirements. Each division has appointed a Compliance Officer who acts as first point of contact. In addition, each division provides the opportunity to report possible compliance violations anonymously. For this purpose, the holding company L. Possehl & Co. mbH has appointed an external body (ombudsman), who has been entrusted with the task of receiving such reports while maintaining the anonymity of the informant.

The ombudsman Possehl has appointed is the lawyer Ulrich Pfeifert. Reports can be sent to the ombudsman from anywhere in the world to the following e-mail address: compliance-possehl@pfbs.de

Employees can report violations of this Code of Conduct to the ombudsman.

The ombudsman informs the Chief Compliance Officer about the reported violations in anonymised form. The Chief Compliance Officer carefully assesses the reported violations and aims to find an appropriate solution.

Validity and implementation of this Code of Conduct

12. Adjustments

This Code of Conduct shall be regarded as framework and minimum standard applicable for all divisions and companies of the Possehl Group. When separate or further specified guidelines for individual divisions or business units are issued, these must be adhered to without restriction in addition to this Code of Conduct.

The members of the management are obliged to inform all employees regularly and adequately about the principles and ethical values laid down in this Code. This Code of Conduct is not a one-time formalised document. It will be updated regularly in accordance with changing legal and economic conditions.

Every employee is obliged to protect and communicate the principles and ethical values of the company.

For further information about this Code of Conduct please contact:

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