

Code of Conduct  
of the  
Schaltbau Group

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## **Preamble**

Assuming responsibility:

- Towards employees and shareholders
- Towards customers and business partners
- Towards society

The Schaltbau Group is wholly committed to this task.

The Schaltbau Group's reputation and the trust placed in us require the correct conduct of all concerned. This Code of Conduct outlines the standards of conduct that we have set ourselves in order to accomplish this aim. It is designed to promote transparency, establish guiding principles and provide orientation in handling the legal and ethical challenges of our everyday working lives. The commitment to clear principles is meant to encourage Schaltbau employees to conduct themselves in a both independent and highly ethical way. Not only does the Schaltbau Group itself benefit from this standard of conduct, but also all those who come into contact with our products on a daily basis or who collaborate with our enterprise. Moreover, working practices based on honest and highly ethical standards are the key to a positive working environment for our employees, characterised by a trustful attitude towards their work and their company.

### **A. Scope of application**

The Code of Conduct is applicable throughout the entire Schaltbau Group, both in Germany and abroad, and for all companies in which the Schaltbau Group holds a majority stake, either directly or indirectly. In other associated or affiliated companies, the Schaltbau Group

works towards the application of and compliance with either these or similar rules of conduct. The principles defined in this Code of Conduct are applicable both within the Schaltbau Group and in our dealings with external business partners, suppliers and third parties.

All employees of the Schaltbau Group, including executives, are governed by this Code of Conduct. They are required to adhere to these guidelines and refrain from violating any of the provisions contained therein.

## **B. Expectations towards business partners**

We expect our business partners and suppliers to respect the principles set out in this Code of Conduct and to introduce similar guidelines within their companies. In particular, all business partners are required to ensure that they always act in accordance with legal provisions and respect human rights as well as laws on the prevention of child labour. To the best of our ability, we offer our business partners assistance in working towards any improvement in their corporate principles that may be necessary.

## **C. Corporate principles**

In addition to the quality of its products and its reliability as a supplier, above all the Schaltbau Group bases its success on clear corporate principles. A sense of responsibility, trust and reliability are the solid cornerstones of our corporate identity. These values are at the core of our conduct towards each other in daily life as well as towards business partners, suppliers, customers and third parties. Over and above these fundamental principles, too, the Schaltbau Group has set itself the standard of basing all its actions on strict principles in order to

meet its responsibility towards society, its business partners and customers.

For this reason, the following corporate principles should be seen as an indispensable yardstick for all of our actions and decisions.

### **I. Ethical management**

We base our actions on responsible corporate management and assume responsibility for the consequences of our business activities and decisions. We respect universal ethical values and principles, with particular emphasis on integrity, mutual respect and honesty. These principles characterise our conduct towards employees, business partners and third parties.

### **II. Compliance with laws, regulations and supportive corporate practice**

It is our primary obligation to respect and not violate the legal requirements of the countries in which we operate. Our employees are required to comply with the law at all times, whether in daily business or in exceptional situations.

### **III. Environmental and climate protection**

We give environmental protection a very high priority. For this reason we fulfil the legal requirements and standards of environmental protection and orient our production and business processes towards conserving natural resources. We also develop our products according to these maxims and give high priority to the deployment of environmentally friendly technologies, the respon-

sible use of natural resources, the avoidance of environmental pollution and the promotion of climate protection.

#### **IV. Ban on child labour and forced labour**

We comply with the ban on child labour and forced labour in accordance with the provisions of the International Labour Organization (ILO).

#### **V. Product safety**

The name "Schaltbau" stands for products of outstanding quality. In order to maintain this standard, we work continually on the further improvement of our products. We have high expectations regarding the safety of our products and comply with all the legal requirements pertaining to them.

#### **VI. Honesty**

We see it as of major importance to be a reliable business partner and only make promises that we are able to keep. We expect our employees to behave honestly at all times and to avoid misleading colleagues, business partners or customers. Clear, professional communication is both an important component in our conduct towards third parties and a cornerstone of our internal corporate dialogue.

#### **VII. Social commitment of the company**

We are aware of our social responsibility and promote both social and charitable organisations. We therefore contribute to creating

new opportunities and maintaining existing facilities in areas in need of support. Moreover, we always encourage our employees to demonstrate social commitment and play an active part in society.

#### **D. General requirements of conduct for employees and company**

The general compliance with laws and regulations is a matter of great concern to us. However, certain statutory provisions take a particularly high priority in our daily working lives. The requirements of these provisions are explained in greater detail below.

##### **I. Competition and anti-trust laws**

We comply with the regulations of competition and anti-trust laws in all of our business activities. Our employees may not enter into anti-competitive agreements regarding prices, conditions, capacities, margins or any other factors capable of influencing the competitive behaviour of companies. Furthermore, our employees may not enter into agreements regarding the dividing of customers, territories or products and regarding participation in tendering or the submitting of sham offers. This requirement also applies to informal talks that either aim at or bring about any of the restrictions to competition mentioned above. It is also prohibited to gain competitive advantages by using industrial espionage or bribery to obtain information relevant to competition or knowingly spread false information about competitors.



## **II. Corruption**

It is self-evident for the Schaltbau Group that all business transactions are based solely on entrepreneurial decisions.

### **1. Bribery and corruption in business transactions**

We compete for orders based exclusively on the quality and price of our products and services. We strictly reject corruption and similar business practices. We comply with the regulations of the OECD Anti-Bribery Convention, the UN Convention Against Corruption, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act as well as all applicable national regulations on corruption.

Accordingly, particularly the offering or giving of gifts of any kind by employees of the Schaltbau Group to employees of other companies or third parties is prohibited if they are intended to illegally or unfairly obtain or retain orders or other unfair advantages for Schaltbau Group companies or other persons. The ban also includes any conduct that could merely create an impression of this nature. Any demand for bribes or other types of advantage must be immediately rejected. Schaltbau Group employees are also prohibited from demanding or accepting similar advantages themselves.

Furthermore, Schaltbau Group employees are not permitted to demand, consider offers of, or accept advantages from business partners or third parties without prior approval within the framework of their professional activity.

## **2. Influencing public officials and lobbying**

In our dealings with public authorities, we comply with all legal requirements, particularly their rules regarding the tendering of orders and government procurement.

No payments of money or offers of other services may be either made or promised with the aim of unfairly influencing the decisions of public officials, employees of public institutions or state-owned enterprises. The same rules apply particularly to lobbying.

When representing the interests of the Schaltbau Group in political dialogue, Schaltbau employees are required to act in accordance with the ethical principles of this Code of Conduct and always behave with integrity. Communication with contacts in the world of politics must always be conducted transparently and openly.

## **3. Gifts and hospitality**

The giving or accepting of gifts, favours and/or hospitality is only permitted if consistent with common business practices and appropriate to the situation. A gift may not be accepted if the type, the value or the circumstances could influence the good judgement of the recipient or be viewed as an attempt to do so. In any event, any giving of gifts must be done transparently. Furthermore, it may not be used to force the recipient into any type of binding dependency.

If the exchanging of gifts by business partners is common practice in certain societies, the gift must be in keeping with the occasion and may have nothing more than a symbolic character. If the accepting or giving of gifts is completely prohibited, either in a certain country or according to the principles of the business partner, any such activity must be avoided at all costs.

#### **4. Donations and sponsoring**

The giving of donations done with reference to or on behalf of the Schaltbau Group must always be conducted in a transparent manner and may not be linked with the placing of orders or the granting of other advantages. The recipient of the donation and its concrete use must be known and transparently verifiable.

The Schaltbau Group does not give any type of political donations or election campaign support to political parties, similar organisations, or candidates for political positions. Donations to individuals, to private accounts, or to profit-oriented organisations are also prohibited. Moreover, donations may not be made to organisations whose aims or actions are not compatible with the basic principles of the Schaltbau Group. The same is true for donations that, due to their intended purpose, could damage the reputation of the Schaltbau Group.

Any donation must be accountable to the public at any time. Therefore, the reason for and the intended use of a donation must always be sufficiently documented.

### **III. Money laundering**

We only wish to conduct business relationships with customers, suppliers and business partners whose business transactions are in keeping with legal requirements and whose financial means originate from legitimate sources. Furthermore, we do not support any type of money laundering through the channelling of money into the legal economic cycle. We always respect anti-money laundering laws and encourage our employees to report any suspicious conduct or transactions that point to money laundering.

### **IV. Compliance with import and export regulations**

We comply with all customs legislation applicable in each of the countries in which we conduct business. All employees involved in the import and/or export of goods or the provision of cross-border services are required to comply with the various regulations and import and export stipulations, particularly embargos and sanctions.

### **V. Conflict commodities**

The Schaltbau Group complies with all legal stipulations and obligations regarding trade with conflict commodities in its supply chain.

## **E. Conduct of the company towards its employees**

We owe our corporate success to the knowledge, experience and commitment of every single one of our employees, who we greatly appreciate.

### **I. Respect for human rights and equal treatment of all employees**

We are committed to the promotion of human rights and respect the personal dignity of every individual at all times. We do not tolerate discrimination or harassment of any kind, whether towards employees or third parties. We respect each individual, irrespective of their origin, gender, skin colour, sexual identity or religious and social orientation. We are aware of the fact that we owe our corporate success to the knowledge, experience and dedication of each individual employee. For this reason, the Schaltbau Group gives each employee equal employment opportunities and prospects of promotion, ensures that each employee is able to perform their duties under the same working conditions and promotes diversity at all levels of the company.

### **II. Qualification of employees**

A key component of our corporate strategy is to appropriately promote the qualification and expertise of our employees. We offer each individual employee suitable options for further training and to enhance their skills. These options are based on personal talks between the employees and their managers in which their particular skills, a possible need for improvement and the corresponding further training options are mapped out in detail. We

invest in the qualification and expertise of each employee and particularly encourage dedication and efficiency.

Managers are responsible for their employees. They must earn the recognition of their employees by means of exemplary personal conduct, performance, openness and social competence. Managers should place trust in their employees, agree upon clear, ambitious but realistic goals and allow their employees as much individual responsibility and freedom as possible.

### **III. Occupational health and safety**

The health and safety of our employees is a matter of great concern to us. For this reason we take all measures necessary to ensure a safe working environment and minimise risks to our workforce. Our employees are required to comply with all currently applicable accident prevention regulations, check the functional capability of their working materials on a regular basis and perform their work with the necessary caution.

In order to minimise health risks to our employees, we are committed to organising their working environments in a health-oriented manner and taking measures to protect their health.

### **IV. Appropriate pay and adherence to working hours**

We comply with the applicable laws and regulations relating to pay, including minimum wage regulations. Furthermore, we ensure that our employees are paid appropriately and fairly. We also comply with legal stipulations governing the permissible number of working hours.

## **V. Respect for personal rights, privacy and data protection**

We respect the personal dignity, the personal rights and the privacy of each individual employee and protect their personal data in accordance with the applicable regulations.

## **VI. Freedom of expression**

Freedom of expression has a high priority in the Schaltbau Group. We give our employees the right to freely express their opinions and protect this right from any kind of restriction.

## **VII. Freedom of assembly and labour rights**

We respect the right of our employees to freedom of association, freedom of assembly and freedom of collective bargaining, to the degree legally provided for and permissible in each individual country. We see it as self-evident to allow our employees to form their own opinions and do not take any steps to prevent the forming of a works council or the fulfillment of its duties. Employees who perform duties for workers' organisations or trade unions are neither preferred nor disadvantaged.

## **F. Conduct of employees towards the company and third parties**

The conduct of all Schaltbau employees towards business partners, suppliers, customers and third parties must always be characterised by integrity and loyalty in the best interest of our company. Any inappropriate or illegal conduct can cause the company considerable damage.

## **I. Confidentiality regarding trade secrets and the protection of corporate values**

The Schaltbau Group can only achieve corporate success if innovative ideas are protected and internal information is treated confidentially.

Patents, inventions and other knowledge form the basis for the future success of the Schaltbau Group. Our employees are therefore not permitted to disclose newly acquired knowledge or company secrets to third parties in any shape or form. Company documents and data carriers must be protected from unauthorised access. Without the consent of company management, no employee is permitted to make images or video recordings of company processes or facilities, copy or reproduce files from the company network or extract them to other storage devices, particularly privately owned data carriers.

Any information that has not been made available to the public must be considered confidential and may not be disclosed to unauthorised third parties, either during or after termination of the employment relationship. Furthermore, the direct or indirect use of confidential business information for personal benefit, the benefit of third parties or to the detriment of Schaltbau Group companies is prohibited. Confidential information also includes assessments of internal reporting and details concerning the organisation of the company and its pricing policies, including profits and sales. Information of this nature may only be passed on to third parties if permitted by management.



We respect the development work and related effective property rights of third parties. No unauthorised use of these may take place at any time. Our employees may neither obtain nor use the trade secrets of third parties without the prior permission of those parties.

## **II. Conflicts of interest**

Schaltbau Group employees are required to make their professional decisions and perform their activities in the best interest of the company. If there is a threat of conflict with personal interests, employees are required to inform their managers accordingly.

Employees of the Schaltbau Group are not permitted to simultaneously manage or work for any company engaged in whole or in part in competition or in a business relationship with any of the companies in the Schaltbau Group. The existing regulations requiring the notification of secondary occupations remain unaffected.

It is also prohibited to own shares, either directly or indirectly, in companies that compete with the Schaltbau Group, if that ownership could exert a major influence on the business of the competing company.

## **III. Ban on insider trading**

Schaltbau Holding AG is a listed company. As such, we also have a high degree of responsibility towards our investors.

In keeping with this responsibility, we promptly provide all capital market participants with the same degree of information on our

current financial and earnings situation as well as our business performance. In compliance with legal requirements, insider information is promptly made public in the form of ad hoc announcements.

Prior to publication, however, any information that could have more than an inconsiderable impact on the stock exchange or market price of securities (particularly shares) or other financial instruments if made publicly known is strictly confidential. Employees who, in the course of their work, receive this type of insider information with regard to Schaltbau Group companies, securities or other financial instruments issued by them, may neither pass on this information nor trade with these securities and financial instruments. The same applies to knowledge of information regarding other companies such as suppliers or business partners, which could influence the value of securities or other financial instruments issued by those companies.

However, we fundamentally welcome the decision of our employees to invest in the Schaltbau Group. In compliance with the above-mentioned corporate principles, all employees of the Schaltbau Group are therefore basically permitted to trade in securities or other financial instruments issued by Schaltbau Holding AG.

#### **IV. Duty regarding report integrity and data protection**

Open and effective cooperation requires correct and truthful reporting to shareholders, employees, business partners and customers as well as to the general public and all government au-

thorities. All recordings and reports must reflect the relevant facts correctly, completely, clearly and promptly. This rule applies irrespective of whether the reports are only prepared for internal purposes or intended for general publication. The principles of orderly accounting must be adhered to. Financial accounting or balance sheet violations will not be tolerated within the Schaltbau Group.

Our employees are fully aware of the sensitivity of personal data. Personal data may only be collected, processed or used to the extent necessary for specified, clearly defined and lawful purposes. The principle of data economy is taken into account. A high standard of data quality and technical safeguarding against unauthorised access is guaranteed at all times. The use of data must be made transparent for all those concerned. Their rights of information, rectification and, if applicable, objection, blocking and deletion are ensured.

## **V. Conduct in public and in the media**

An important factor for the success of the Schaltbau Group is its reputation among business partners, customers and towards the public, which is characterised by the conduct and behaviour of each of its employees. We therefore require each individual employee to respect and promote the reputation of the Schaltbau Group and refrain from any acts that could damage it. When personal opinions are publicly stated, it is important that they are not published as the opinions of the Schaltbau Group. This point is particularly important with regard to opinions stated in social networks.

Furthermore, as a general rule it must be pointed out that communication with the media regarding company matters may only take place after consultation with those responsible. If requests are made to employees, these must be forwarded to the Public & Investor Relations department without delay.

## **VI. The use of company property and the internet**

Items belonging to the Schaltbau Group that are made available to employees in conjunction with their employment relationships may only be used for company-related purposes. Any deviations from this rule must be separately arranged on a case-by-case basis. Employees are required to treat company property with care and to safeguard it from loss, theft or misuse. We particularly wish to point out that the use of company property for illegal purposes will not be tolerated.

This also applies to the use of the internet and e-mail communication systems provided by the company. In this context, we wish to point out that no information may be accessed, sent or forwarded via the company's own internet or intranet systems that glorify violence or criminal acts. The same applies to any news and

internet content that incites racial hatred, discriminates against people or contains any other type of incriminating or offensive content. When using the internet, any additional cost to the Schaltbau Group is to be avoided.

## **VII. Activity in political parties**

Schaltbau Group employees are explicitly permitted to take part in political activities, provided these activities take place outside working hours and are kept separate from company activities. However, these activities may not violate currently applicable laws. Above all, any participation in anti-constitutional groups or banned political parties is prohibited.

## **G. Compliance implementation and control**

This Code of Conduct constitutes the basis for the activities of the Schaltbau Group and its employees.

Each employee will receive one copy and be specifically asked to acknowledge having carefully read these regulations.

## **I. Duties of executives and management**

Furthermore, it is the specific responsibility of company executives to ensure that the employees entrusted to them are well acquainted with and comply with the Code of Conduct. Executives fulfil their exemplary function by conducting themselves impeccably, even by the standards of this Code of Conduct, and actively practicing these principles in all interaction with their staff members. It is the task of each executive to clearly communicate the significance of the principles contained in this Code of Conduct and to point out that violations will not be tolerated and can lead to disciplinary consequences. In the course of its examinations, the Group's auditing team also checks for compliance with the behavioural guidelines contained therein.

## **II. Whistleblowing and protection of whistleblowers**

To enable this Code of Conduct to be actively practiced, we ask all of our employees to report any violations or suspicions thereof, even anonymously. We will treat any information received strictly confidentially and ensure that the person reporting does not suffer any professional disadvantages, particularly if violations reported in good faith turn out to be incorrect. The exception to this rule is the consequences of one's own violations.

## **III. Consequences of violations**

Any suspicion of violations of the Code of Conduct will be examined with care. Should any violation be confirmed, appropriate measures will be taken. These can even include the termination of the employment relationship and the enforcement of claims for damages. Any further action will depend on the specific labour law provisions. Employees who violate laws can expose both themselves and the company to criminal and civil sanctions.

## **H. Contact and further information**

For any queries concerning the interpretation of and compliance with the Code of Conduct, please contact the respective manager or our Compliance Officer, Mr. Hans-Otto Pielmeier.

### **Contact address:**

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Above all, these persons can help to explain whether or not a certain type of conduct falls under the regulations of this Code of Conduct. Any information regarding possible violations should also be directed to Mr Hans-Otto Pielmeier.

### **Schaltbau Holding AG**

Munich, 1 October 2016



**Dr. Jürgen Cammann**

Speaker of the Executive Board



**Ralf Klädtke**

Member of the Board