

MODULE ANTI-CORRUPTION

CODE OF CONDUCT



Module Anti-Corruption

We are determined to uphold the highest standards of ethics in all of our business transactions; complying with all applicable laws at all times, wherever we are, in all of our business activities, is a matter of course for us. In competition, we orient ourselves exclusively according to **objective criteria** like quality and price. As such, we never tolerate corrupt or otherwise unlawful behavior.

The following guidelines express our clear expectations for employee behavior in the context of their work for the OTTO KRAHN Group; these guidelines are designed to help all employees reliably identify corrupt behavior.

In particular, the goal of these guidelines is to prevent corrupt behavior from occurring in the first place.

Regardless of what is supposedly considered “commonplace” in certain countries or regions, all OTTO KRAHN Group employees are expected to adhere to these guidelines, on the basis of the laws applicable in their location. Any employees who are subject to stricter laws due to their nationality or place of business are to follow those laws as well.

What is corruption?

We define corruption as any misuse of a public office, political authority, or business position in the form of providing or accepting favors or handouts in order to influence business or governmental decisions.

The same applies to any favors or handouts offered to close relatives or friends of the person whose business or governmental decision would be affected.

How do we want to behave?

Basics

We do not tolerate any kind of corrupt behavior. This applies to all countries in which the OTTO KRAHN Group is active, even if corruption as defined by these guidelines is considered “normal” or “not unethical” in a particular state or region.

The OTTO KRAHN Group will enforce any necessary and appropriate consequences as defined under criminal and employment law in response to any participation in, or toleration of, bribery or any other form of corruption.

For readability purposes, this document does not specifically refer to (for example) “male” or “female” employees or other persons. All personal references are expressly intended to refer equally to persons of any gender.

Please note that even behavior that merely appears to be corrupt is to be avoided. As such, all employees are obligated to avoid making any business decisions that might leave such an impression. When in doubt, employees should inform themselves and consult the competent persons as listed below.

We regularly check if and where a lack of monitoring or other weak points within a group could foster corrupt behavior, and when we identify such instances, we take appropriate measures to rectify them. At the same time, all employees and managers contribute to avoiding corruption within the OTTO KRAHN Group business environment by strictly adhering to this guideline and by identifying any such behavior known to them.

Behavior toward customers and suppliers

We make sure to select our suppliers based on **competitive principles**, and we do not try to influence our customers' purchasing decisions through corrupt or otherwise unfair behavior. We select suppliers based on price, quality, and suitability. Any supplier who attempts to influence the decisionmaking process by offering or promising personal benefits is to be rejected without exception. We do not unfairly advantage or disadvantage individual suppliers in bidding for contracts.

We have made it our goal to win customers over through high-quality products and services, friendliness toward customers, and a good cost/benefit ratio. We reject attempting to influence customers' purchasing decisions by offering or promising personal benefits.

Example:

An OTTO KRAHN Group employee responsible for procurement is contacted by a supplier, who offers to personally pay the employee 1% of the order volume if the employee gives the supplier special consideration when making procurement decisions. This offer qualifies as an illegal attempt at bribery. The OTTO KRAHN Group employee rejects the offer and informs his superior and the relevant internal department.



Gifts and hospitality in business dealings

We are aware that small gifts and gestures of hospitality are part of business life, as are business lunches and dinners. However, employees need to keep in mind at all times that it is only acceptable to offer and accept such gifts to an **appropriate degree, within social conventions**, and that they must never be given or received with unfair motivations. In other words, there must be no danger of them having an influence on business decisions, nor of them giving any appearance of influencing business decisions. Moreover, these gifts and gestures of hospitality must never be given or received at home – they may only be sent to, or received at, the recipient's business address.

If employees of the OTTO KRAHN Group are aware that their business partner is not permitted to receive gifts of any type, or of the particular type planned, whether due to legal restrictions or internal company guidelines, the OTTO KRAHN Group employees must not make such offers.

Example:

An OTTO KRAHN Group employee wants to give a customer's employee a coffee table book for his birthday. She learns that his company has a policy forbidding employees from accepting gifts of any type, so she refrains from gifting him the coffee table book and only sends a card instead.

Furthermore, our employees are always **forbidden** from accepting **monetary or equivalent gifts** (e.g., coupons) – regardless of their value – from business partners, nor may they offer, promise, or give our business partners such gifts. Our employees are not permitted to ask our business partners for gifts, invitations to meals or events, other types of hospitality, personal services, or favors for themselves or others.

Whether gifts or other forms of hospitality are in line with social conventions is determined based on whether the gift itself is typical for business, what the occasion for the gift is, and how often the gift is given.



As such, one-time material gifts like small promotional items are often seen as acceptable, provided that the fundamental principles set forth in these guidelines are observed. Any gifts that go beyond this or are offered multiple times within one business year must always be reported to the OTTO KRAHN Group executive management, and may only be accepted with their permission.

Example:

A supplier sends an OTTO KRAHN Group employee a power bank (a portable extra battery) and then a soccer ball later that same year, both as promotional gifts. The employee may only accept the second gift at the discretion of the executive management of the OTTO KRAHN Group.

Invitations to meals or other events may be extended or accepted in accordance with social convention, provided that the above-named requirements are met, and that the invitation has a justifiable business purpose and occurs in the context of normal business (e.g., eating lunch together during an all-day meeting or seminar; sharing a meal after an event; eating dinner together at multi-day events; etc.). Any invitations above and beyond this require executive management authorization.

Example:

After a long negotiation at a customer's place of business, the customer invites the OTTO KRAHN Group employee out to dinner at a regular restaurant. The employee is permitted to accept the invitation.

OTTO KRAHN Group employees are not permitted **to participate in events or trips** paid for by third parties without first obtaining permission from executive management. The OTTO KRAHN Group executive management will only grant said permission if there is no danger of the event influencing business decisions.

When in doubt, employees are obliged to consult their supervisors, the Tax & Legal Director, or the CFO of the OTTO KRAHN Group.

Example:

A supplier invites an OTTO KRAHN Group manager to tour their production facilities. The supplier offers to pay for the manager's flight, accommodation, and meals. The employee may only agree to the trip with the permission of the OTTO KRAHN Group executive management.

Gifts and hospitality for holders of political office

Offering or accepting monetary or material gifts or other forms of hospitality to or from domestic or foreign government employees, or persons in similar positions, is forbidden without exception. This applies even if the gifts have very little value, or if it would be acceptable to give them to employees of a private company.

Government employees and persons in similar positions include, in particular, persons who have been appointed to public office, or who perform public administrative duties on behalf of a governmental authority. When in doubt, employees should consult the competent persons listed below.

Commission/Brokerage fees

Fees for brokers and similar service providers may be suspected of being used to conceal corrupt behavior. As such, brokerage contracts may only be made with **the authorization of the executive management**.

Before entering into such a business relationship, employees must have sufficient knowledge of the broker's reputation and quality. Any irregularities that give cause for concern (e.g., location of headquarters, designations, broker's previous business integrity) need to be investigated and clarified.

Example:

An employee is considering commissioning a broker based in Liechtenstein. The employee will need to conduct further research into that broker. The services the broker is to provide and/or the broker's scope of responsibility need to be defined in writing and contractually agreed.

The services the broker provides in context of the brokerage relationship must be documented exactly. Moreover, employees must ensure (e.g., through contractual stipulations and corresponding monitoring) that brokers do not use money they receive from the OTTO KRAHN Group for corrupt purposes.

Who should I contact?

These corruption prevention guidelines are designed to aid all employees in their day-to-day work. Even so, situations may still arise where employees are not entirely sure what the proper course of action is. In such cases, employees can and must speak to their direct supervisors, the Tax & Legal Director, or the CFO of the OTTO KRAHN Group. All employees are welcome to seek out any of those people at any time regarding general questions related to corruption prevention.

Should an employee encounter concrete, reliable information regarding the violation of one of the aforementioned principles, that employee is obliged to notify his or her supervisor, the Tax & Legal Director, and/or the CFO of the OTTO KRAHN Group. This information will be kept confidential in accordance with the applicable legal guidelines.

If you prefer, the information you share will be treated confidentially to the extent permitted by law. You can also make any notifications via our anonymous whistleblower system (**<https://www.bkms-system.com/ottokrahn>**) which can also be accessed through our websites.



Employees who are guilty of corruption or/and have committed crimes should expect consequences under the criminal justice system. The OTTO KRAHN Group will also take the necessary steps in terms of employer law; in the event of corruption, this regularly means immediate termination of the working relationship.



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