

Corporate Policy No. 2

Compliance / Code of Ethics

of October 1st, 2011
last update of July, 2013

Author: Dr. Markus Hunger

Function: Head of Legal & Patents

Application of this Policy

This Policy applies to all companies of the KraussMaffei Group (hereinafter also "KraussMaffei") as well as their employees (hereinafter: "employees").

KraussMaffei additionally expects that all business partners adhere to applicable laws when they transact businesses with KraussMaffei and especially when they act on behalf of KraussMaffei.

If you are uncertain about the correct application of the following guidelines, ask yourself the following questions:

- § Is the conduct in accordance with applicable laws?
- § Is the conduct ethical?
- § Is the conduct in accordance with this Policy and all laws and principles which are relevant to my activity?
- § How will my conduct affect others, in particular our customers, suppliers, shareholders and employees?
- § How would others judge my conduct? In case your conduct is legal but could have the appearance of illegality, you should consider alternatives.
- § How would I feel if my decision was made public? Could the decision actually be justified and defended?
- § Should I possibly consult the (internal or external) compliance officer, the legal department, my supervisor or the personnel department?

Guideline – Code of Ethics

1. Mission Statement of the KraussMaffei Group

Our conduct as a company and as employees of the KraussMaffei Group is shaped by the mission statement of this Group:

- We are an innovative company that manufactures high-quality investment goods and creates added value for our customers through technological innovation. We measure ourselves by the success of our customers.
- We are a company orientated to competition which conducts itself in the markets of the world in conformity with the national and international laws and rules of competition.
- We are an open company in which fair dealing with each other, equal opportunity, orientation to substantive arguments, and transparent processes are a matter of course. As an attractive employer we can inspire the best candidates to join us and commit our top performers to a long-term relationship.
- We are a flexible company focused on long-term growth which sustains our efforts to expand our core competencies.
- We are convinced that the observance of this Policy will lead to the sustained increase in the value of the company and will make the KraussMaffei Group a highly regarded company in the community and in the marketplace.

On the basis of this mission statement, the companies of the KraussMaffei Group recognize the following principles as important principles of conduct and put them into practice through their employees and managers.

2. Commitment to Law and Order, Respect and Business Ethics

- 2.1 The KraussMaffei Group companies and their employees observe applicable legal requirements, treaties and conventions in their work. This is similarly expected from their business partners.
- 2.2 The KraussMaffei Group companies and their employees observe the principles of business ethics which are based on the respect for our customers, suppliers and other business partners.
- 2.3 We can only accommodate the preferences of our customers, suppliers and other business partners within the scope of the respective legal requirements. Violations of the law through actions or omissions as well as the furtherance of any violations of law by our customers, suppliers and other business partners are in all cases to be avoided, even when this means that the company's business opportunities cannot or can only partially be realized.
- 2.4 Business decisions and conduct in business transactions must always be transparent and accountable.
- 2.5 Every employee must expect legal consequences including immediate termination of employment in the case of a violation – regardless of the sanctions provided in the law – for the breach of their contractual obligation.

3. Positioning in the Community

- 3.1 The respect for the dignity of people in all of their variety is just as a matter of course for the KraussMaffei Group as is the rejection of all discrimination, exploitation of workers as well as child labor.
- 3.2 The KraussMaffei Group companies are committed to their obligations to the community and strive for wide acceptance in their respective corporate activity areas.
- 3.3 Consistently taking the proper approach is the basis of the public image of the KraussMaffei Group, in particular by company leadership and middle management in conformity with the KraussMaffei Group mission statement. Every employee adequately represents the company in public.
- 3.4 In public, employees of the KraussMaffei Group act in a manner that in no way damages the reputation of the company. Private statements of employees to the media must be designated as such by the employee. No association with the KraussMaffei Group arises through naming the quoted individual. External inquiries shall only be responded to by the responsible corporate department.
- 3.5 Because of the scarcity of global resources, sustainable business is a matter of course for us. Many of our product improvements serve to increase efficiency and therefore the saving of energy. We thereby provide our contribution to maintaining the livability of the world for future generations. Every employee consciously acts to save resources at his work station.

4. Management and Communication, Equal Treatment

- 4.1 The managers are responsible for the employees assigned to them and persuade through model conduct, social skills, fairness, performance and openness. They encourage and develop the employees to the best of their abilities for the benefit of KraussMaffei. Regardless of the distribution in electronic format, every manager shall ensure that all of the employees assigned to them are aware of this Policy.
- 4.2 The knowledge and the dedication of every single employee is decisive for the long-term success of the KraussMaffei Group in global competition. On this basis, we invest in the skills and advanced training of our employees.
- 4.3 Every employee should understand his obligation to protect the reputation of KraussMaffei and to avoid any damages to the company.
- 4.4 All employees face each other in a friendly and open manner. Our decision-making process is guided by substantive reasoning and we treat each other fairly without prejudice and on the basis of mutual trust.
- 4.5 Any discrimination based on gender, nationality, ethnicity, religion, sexual orientation or culture within and outside of the KraussMaffei Group is prohibited. Active or passive discrimination of individuals, in particular older or handicapped persons, is not compatible with our corporate philosophy.
- 4.6 Records, reports and memoranda regarding internal and external actions must be complete and correct.

5. Observance of Competition Rules

- 5.1 The KraussMaffei Group companies ensure that their employees observe the rules of fair competition.
- 5.2 It is not permitted and may be criminally punishable to accord or exchange prices, contract terms and conditions and other processes relevant to competition or circumstances such as the participation and conduct at offers to tender as well as the division of customers, areas and production programs. Informal arrangements, for example regarding a foregoing of competition or regarding the submission of bogus offers for offers to tender bids, as well as agreements to concerted practices, are similarly prohibited.
- 5.3 In every case, the unjustified boycott of customers and suppliers which is coordinated with other market participants as well as influencing the re-sale prices of our customers is prohibited.
- 5.4 We pay particular attention that our domestic and foreign business partners, in particular intermediaries, consultants and agents also observe these guidelines.

6. Rejection of Bribery and Corruption – Compliance

- 6.1 The KraussMaffei Group companies support the worldwide fight against corruption.
- 6.2 The efforts in preventing every form of active or passive bribery are based on an intensive Compliance Program. All employees functioning in relevant risk areas of the KraussMaffei Group are informed of the risks through instructional programs and are required not to expose the risk of a potential criminal act.
- 6.3 It must be clear to every employee that active bribery is punishable by a significant penalty irrespective of where it is committed. The same applies for passive corruption. Particular penalties apply to the bribery of domestic and foreign governmental officials and representatives.
- 6.4 No employee may direct or instruct a business partner (trade associate, consultant, agent, etc.) to bribe third parties. If there are indications that a business partner that is representing us is participating in such activities on its own, the business relationship must be immediately terminated.
- 6.5 Every employee confronted with such requests is to know that in addition to the threat of legal penalty a disciplinary response to the actions by KraussMaffei exists and personal consequences - up to the loss of employment - will be unavoidable. This also applies when the actions were intended to serve the supposed welfare of the company.
- 6.6 All entities of the KraussMaffei Group are required to obtain qualified advice regarding the civil and criminal legal risks of corruption within their respective legal system and to carry out appropriate instruction within their company.

7. Prohibition of the Acceptance of Benefits or Gifts

- 7.1 No employee of the KraussMaffei Group may use his position to demand, accept or be promised personal benefits for himself, the members of his family or any other third party. No employee who has direct or indirect influence or can exercise influence on the contracting of a firm for a company of the KraussMaffei Group may privately engage the firm for orders at a discounted rate. The acceptance of gifts of limited value and other tokens in the usual scope remains permitted.

- 7.2 Benefits or promises from business partners which are not of limited value or do not conform to the usual scope or are in any way suitable to influence a business decision or bring about a personal dependence are to be politely but firmly rejected. If the rejection would be understood in the respective culture as an injury or insult to fundamental business conventions, the consideration may be accepted in the name of KraussMaffei; it must simultaneously be noted that the consideration will be made available to all employees of the company. The further process shall be coordinated with the respective compliance officer who shall appropriately document the matter.
- 7.3 If an employee of a company of the KraussMaffei Group is offered benefits or promises which are disallowed according to 7.1 of this Policy, the employee shall inform his supervisor of this fact.
- 7.4 Invitations from business partners are accepted only when appropriate to the occasion.
- 7.5 In cases of doubt, the compliance officer is to be consulted in advance. If this is not possible, the promise or benefit in doubt is to be rejected.

8. Prohibition of the Offering of Benefits or Gifts

- 8.1 No employee may offer, promise or grant unauthorized benefits in connection with business activity to others in particular customers and their employees. This includes monetary payments, other consideration and any other forms of direct or indirect benefit.
- 8.2 Gifts and benefits of any kind are prohibited with respect to domestic and foreign public authorities and other officials. Employees of companies which are the property of a country or in which the country holds a material interest are to be treated on terms equal to officials.
- 8.3 Gifts or other benefits to an employee of our business partner may in no way elicit the appearance of dishonesty or impropriety and must always be in the context that the receiver could at any time disclose the acceptance to its employer without having to fear sanctions. Gifts and other tokens may only be offered, promised or granted in the scope cited in section 7.1.
- 8.4 Travel costs of our customers or interested parties are only reimbursed for direct travel from the point of departure to the destination if the trip is necessary for the acquisition of the order and was proper and the travel costs are in appropriate relation to the volume of the order or project. In no case will additional costs for travel companions be reimbursed.
- 8.5 Consultants, dealers, agents and intermediaries are to be selected according to proper and transparent criteria, in particular, expertise, experience and branch knowledge. The specifications applicable company-wide with respect to the necessary contractual elements are to be observed upon concluding a written contract with such sales partners. As with any other payment, payments to consultants, dealers, agents or intermediaries may only be made if they have been contractually agreed upon. In particular it has to be ensured that contractually agreed performances have been rendered by the sales partners for such payments.
- 8.6 The following terms shall apply to the granting of donations:
- Donation requests from individuals are in principle to be rejected
 - Donations may not be made with the goal of influencing the recipient or a third party to award a business contract or make any other business decision for the benefit of KraussMaffei
 - Payments made to private bank accounts are not permitted
 - In no case may donations be made to persons or organizations which would be harmful to the company's reputation

- Donations must be transparent. The recipient of the donation and the concrete use by the recipient must be known. Accounting of the reason and purpose of the donation must be able to be given at all times.
- The donations should be tax deductible

9. Conflict of Interests

- 9.1 KraussMaffei places great value on the avoidance of conflicts of interest or loyalty. No employee of KraussMaffei may be guided by private interest in reaching business decisions. Therefore, every employee has to immediately inform his supervisor about any possible personal interests (including the interests of family members and friends) which exist, result or could result in connection with the business activities of the KraussMaffei Group.
- 9.2 The operation of a company or the material interest in a company that completely or partially is in competition or in a business relationship with KraussMaffei which is material for KraussMaffei and/or the partner company is not permitted. This also applies in cases when a company is operated by close family members.
- 9.3 The operation of a company cited in sec. 9.2 as well as the interest held in such a company by close family members is to be reported by the employee in writing to the Personnel Department as soon as he acquires knowledge of the fact.
- 9.4 The performance of civil service by KraussMaffei employees is to be coordinated with the employees' supervisor if conflicts of interest could arise through the exercise of the civic duties.
- 9.5 The rules regarding representation as well as the "four-eyes principle" in particular are to be strictly observed in business transactions.

10. Limitation of Cash Transactions / Prohibition of the Formation and Use of "Black Accounts"

- 10.1 The use of cash in business transactions is to be avoided where possible and should only be accepted in absolutely necessary exceptional cases in which there are no practical alternatives to the use of bank transactions, provided that prior approval of the legal department or the responsible compliance officer has been granted. In every case it is prohibited for the payment of salaries or salary components for employees, for the settlement of supplier claims (to the extent it does not relate to small goods for daily use), the refund of credits or settlement of credits with business partners as well as any payment in cash to sales representatives, agents and consultants.
- 10.2 No employee may form "black accounts". Whoever forms "black accounts" breaches not only his duty to the company but also assumes the risk of becoming criminally liable for fraud. A "black account" means any part of the assets of a company of the KraussMaffei Group which are placed in special accounts or disguised internal accounts or directed to an external "trustee" or representative or any other manner by which control of the KraussMaffei Group is removed by the actions of the employee.
- 10.3 No employee may use funds from "black accounts". It is prohibited in particular to use funds from "black accounts" for financing benefits or gifts in the meaning of section 8.

11. Accounting and Payment Processes

- 11.1 In all companies of the KraussMaffei Group, accounting and accounting control have to be carried out in accordance with the generally accepted accounting principles and in compliance with all relevant regulations. Any indications of misconduct with regard to accounting and accounting control (so-called “accounting complaint“) may be given to the internal compliance officers as well as to the external compliance officer pursuant to section 16.2.
- 11.2 Invoices must state the actual price intended by the parties. Any form of over-invoicing in connection with an agreement to partial repayment of contractual goods - no matter to whom – is not permitted. Individual rebates are to be indicated on the invoice. Rebates based on quantity shall only be permitted on the basis of a prior agreed schedule and paid exclusively to the customer at the end of the defined period. When it is apparent that the customer invoices its customers (end customers) on the basis of an “Open Book Tender”, the disclosure of the quantity rebate to the end customer should be strived for.
- 11.3 Customer credits must always be objectively justified. The recipient of a credit and the party on the corresponding invoice must be identical.
- 11.4 Any payments may only be made on the basis of actual agreed upon and documented contractual performance. The agreement to and payment for any “pseudo performance”, for example for the supposed preparation of market studies or the provision of assembly work performed by customers in connection with installation or acceptance of the goods is not permitted to the extent that it has not been explicitly agreed upon and actually performed.
- 11.5 No employee may instruct or direct a business partner (sales representative, consultant, agent, etc.) to provide false invoices or to disguise contractual performance. If it is apparent that a business partner is resorting to such activities on his own in the course of business it must immediately be urged to cease such practices. If that should not happen, the business relationship is to be immediately terminated.

12. Protection of Our Intellectual Property and That of Others

- 12.1 In our activities we respect the property of the company, our colleagues and our business partners including their intellectual property.
- 12.2 We secure our inventions in the legally prescribed manner. No employee is permitted to pass on inventions of the KraussMaffei Group or other industrial secrets in any form to third parties without a confidentiality agreement.
- 12.3 Our employees respect the protection of the intellectual property of others and refrain from any unauthorized use of the protected rights of others.
- 12.4 Industrial espionage is not compatible with this understanding. The unauthorized acquisition or use of the industrial secrets of others is not permitted by any employee.

13. Protection of Personal Data

- 13.1 We respect the protection of personal data. It may only be collected, processed or used when it is legally permitted. The KraussMaffei Group companies secure this data against unauthorized access by third parties through the industry standard measures and require the same from any external service providers accordingly.
- 13.2 The persons concerned may at any time receive information regarding the use of their personal data.

- 13.3 Any incorrect data is to be corrected; the rights to blocking, deletion and objection shall be preserved.

14. Product Quality / Protection of Life and Limb

- 14.1 In business transactions we only make promises which we also can keep.
- 14.2 The operating safety of our products has top priority. That is how we protect the life and limb of our employees and the employees of our customers and third parties.
- 14.3 The safety and conduct rules for production and assembly processes must be strictly followed.

15. Compliance Structure and Reporting Lines

- 15.1 Compliance officers are integrated into the segments of the KraussMaffei Group as well as in several regions who - in addition to the Group Compliance Officers - are the first point of contact for inquiries of employees. Furthermore, an external compliance officer is designated as a point of contact outside of the company sphere. The current compliance officers as well as the external compliance officer may be found on the intranet under "Compliance". Customers, suppliers and other business partners may receive the contact details of the Group Compliance Officer as well as of the external compliance officer on the internet at <https://www.kraussmaffei.com/en/our-values.html>.
- 15.2 The compliance officers shall conduct appropriate random tests on a regular basis to ensure the compliance with laws and corporate policies in the segments/regions assigned to them. At the beginning of a fiscal year, the compliance officers shall coordinate the planned random tests with the Group Compliance Officer. At the end of a fiscal year, each compliance officer shall deliver a written report regarding the random tests conducted as well as any observed compliance violations to the Group Compliance Officer.

16. Reports and Indications

- 16.1 KraussMaffei encourages all employees to immediately report any suspicion with regard to an infringement of this Policy irrespective of the status and position of this employee who breached the rules or is responsible for the breach of the rules according to the opinion of the employee who provided the indication
- 16.2 The report must be made to the internal compliance officers or the external compliance officer. The contact to internal or external compliance officers is a possibility for employees and external business partners to, on request, confidentially and also anonymously provide indications of possible infringements. This shall also apply for indications of misconduct with regard to accounting and accounting control (so-called "accounting complaint", see section 11.1).
- 16.3 The contacted compliance officer confirms receipt of the report to the employee who provided the indication and initiates the examination of the reported incident. On request, the person who provided the indication is informed about the result of an investigation.
- 16.4 KraussMaffei ensures that the contact with the internal and external compliance officers with regard to other employees is possible without the risk of reprisals and strongly warns against any misuse of these contacts for unintended purposes.

17. Direct Application

- 17.1 The code of conduct specified above is to be observed by every employee.
- 17.2 Every employee should proceed according to section 16 in the case of compliance relevant matters.
- 17.3 Every employee should inform his supervisor, the Work's Council or the head of the Personnel Department in the case of all other circumstances within his working environment which could indicate a breach of the code of conduct by another employee.

18. Differences of Opinion

- 18.1 In the case of differences of opinion regarding this basic code of conduct the principle of openness and honesty described herein is to be considered.
- 18.2 The resolution of disputes shall occur within the company, a disinterested party shall not be engaged (with the exception of the external compliance officer). The point of contact for difference of opinion may be the Managing Director of KraussMaffei companies, the respective managers or the Work's Council or the Committee of Managerial Representatives.