



Guideline Anti-Corruption

Heimbach Group

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Gender note:

For reasons of better readability, the language forms male, female and diverse (m/f/d) are not used simultaneously. All references to persons apply equally to all genders.

Heimbach GmbH / Heimbach Group with all its companies is hereinafter referred to as Heimbach.

Introduction

Heimbach GmbH, together with all companies of the Heimbach Group, is committed to conducting its business according to the highest ethical standards and to complying with the law. This is fundamentally anchored in our mission statement "Our Vision - Our Mission" and in the principles of our management system.

Heimbach stands for sustainable management and fair business. In addition to the economic key figures, the public and stakeholder perception is a decisive indicator for the success of our company. It is important to protect and further develop this reputation.

Our ambitious goals are in line with our high standards of integrity in a fair competitive environment. The Heimbach Management System and the Heimbach Code of Conduct which can be found on our website, are the central principles for sustainable management under fair and secure conditions. They are based on unshakeable values with a clear statement against corruption.

With this Anti-Corruption Guideline and the already established Code of Conduct, we are once again bringing our commitment to core values such as integrity, fairness, sustainability and partnership to the point.

We document our compliance measures in our sustainability report, which is regularly published on our website.

Heimbach is also actively involved in the UN Global Compact, a United Nations initiative to promote corporate social responsibility. The 10th principle of the UN Global Compact: "Businesses should work against corruption in all its forms, including extortion and bribery", is given special attention in the context of this Anti-Corruption Guideline.

This commitment is also a sign of our entrepreneurial self-image for economically and socially responsible action!

Our customers trust Heimbach to act in a legally sound and compliant manner - always and everywhere in the world. Every employee* of Heimbach GmbH with all its companies is personally responsible for ensuring that the principles of conduct and values of our company are lived without compromise. In this way you help to protect our company from corruption.

We count on you to do this!

1. What is behind the term "Corruption"?

In general, corruption is understood as the abuse of entrusted power in a professional environment for one's own private benefit or for the benefit of a third party, for example the employer.

This includes offering, giving, demanding or even accepting benefits as an inducement to do something in the normal course of business that is dishonest, illegal or a breach of trust. Bribery offences are usually mentioned in this context.

Corruption occurs both in dealings with public officials and with business partners.

2. What is Heimbach aiming for with the Anti-Corruption Guideline?

This guideline serves to raise awareness with regard to corruption and to sensitise every employee* to this important topic. In our global world, the topic of corruption is more topical than ever. The guideline is based in particular on the Heimbach Management System and our Code of Conduct and is intended to be a practical aid to enable you to act safely and in accordance with the rules in everyday business. By describing possible situations, it aims to provide a practical presentation of the topic of anti-corruption. In particular, situations in which corruption can arise are explained by way of example. You will receive tips on how to act in problematic situations.

In addition, the guide provides information on measures and procedures that are designed to protect our company from corruption in the best possible way. These are implemented throughout the Group and are anchored in our management system.

At the end of the guide you will find contact persons who will help you if necessary.

3. Corruption is prohibited worldwide

Benefits of any kind are prohibited worldwide if they are intended to influence the decision of a public official in an improper manner. In other words, all benefits that are intended to buy the decision of a state authority or a business partner are prohibited.

Although each country has its own anti-corruption laws, the above principle is observed worldwide and is regulated by law in practically every country. This global consensus makes it clear that corruption is not a trivial offence or even a necessity for conducting business. Rather, corruption is a very serious form of crime. Heimbach and its employees will abide by all anti-corruption laws to which it is subject.

In addition, many countries (e.g. Germany, Great Britain and China) also criminalise targeted gratuities between business partners. In these countries, it is forbidden to offer or accept a benefit if it is likely to influence one's own or the business partner's behaviour in an improper manner.

4. In which situations can corruption violations be initiated?

The following explanations are intended to show the situations in which corruption violations can be initiated.

4.1 Engaging of external consultants and intermediaries

In some cases, intermediaries are required or used for transactions, especially abroad. These can be commissioned as advisors, intermediaries or agents by the German parent company or the foreign subsidiary to broker, negotiate or conclude transactions. The intermediaries are often called in because of their local knowledge, good contacts with ministries or other state authorities. However, the advisors commissioned by Heimbach must also abide by local law and internationally applicable laws. Third parties are also not allowed to do or be asked to do anything that is forbidden to our own employees.

Heimbach and its employees can also be held responsible for violations of commissioned third parties if the duty of care is not observed!

If necessary, consultants or intermediaries must be selected in a transparent procedure and commissioned in writing. The contract must contain a description of the services to be rendered, and performance and consideration must be in reasonable proportion to each other. Payments or commissions of any kind may generally only be made against verifiable proof of performance and a proper invoice. Any cash payment must be rejected!

Hidden commissions may encourage bribes. A synonym for such payment arrangements are so-called kick-backs. In a kick-back payment, for example, a previously commissioned consultant pays back part of the excessive fee to the employee's account. Typically, this kick-back is not made public.

Offers or violations must be reported immediately to the management!

4.2 Nepotism

Nepotism is often associated with corruption and, when exchanged for business advantage, is punishable as such in many jurisdictions. This is when someone uses their position of power to gain an advantage for a family member or acquaintance, particularly with respect to employment offers or contracts. Any requests for or offers of such benefits in kind or money must be rejected and reported to the management.

4.3 Payments to facilitate government services

Expedited payments (also "bribes") are small amounts paid to public officials to speed up routine official acts to which the citizen is legally entitled. Facilitation payments, just like acts of bribery, are punishable worldwide and therefore not permissible. Heimbach emphatically prohibits the provision of acceleration payments! Violations are to be reported to the management.

What is actually a gratuity or gift?

- Benefits, discounts
- Services not customary in the market
- Invitations to sports, cultural or other events
- Travel, meals, entertainment, and other hospitality
- Monetary payments (e.g. cash, bank transfers)
- Granting of interest-free or low-interest loans
- Granting of cash-like benefits (e.g. discounts, vouchers, gift cards or other benefits)
- Preferential treatment in recruitment, job offers, and hiring (nepotism)
- Other benefits to which there is no entitlement

4.4 Gifts to public officials and business partners

In many countries, it is customary to give small, personal gifts to a public official (persons who are in public service) or to one's business partner. You too may have encountered such a situation in your professional life and may have asked yourself at that moment how to behave correctly. On the one hand, you do not want to appear impolite by not offering a guest gift or rejecting an offered guest gift; on the other hand, any suspicion of corruption must be avoided.

4.5 Entertainment and hospitality of public officials and business partners

It is also very common in many parts of the world to entertain business partners, including those who are public officials. This is especially true if a site visit or travel is involved, and it would be impolite under local custom not to provide entertainment, meals, or other hospitality. This is another set of situations that must be carefully managed to avoid any suspicion of corruption.

4.5.1 Who is a public official?

This includes all persons who are in an employment relationship or serve a public function with a government agency or instrumentality under public law, whether that is a local, state, provincial, or national government, or an international organization. This includes but is not limited to, in particular: civil servants; judges; elected representatives; political party officials; and persons in another official relationship under public law as well as persons who are appointed to perform public administration tasks for public authorities or other bodies on their behalf. This also includes employees of government-owned or operated schools, hospitals, utilities, telecommunications companies, transportation systems, and other state-owned and partially state-owned enterprises.

4.6 Why can payments, gifts, and entertainment to public officials be problematic?

Contributions to public officials carry a particular risk of being classified as corrupt. In most countries, stricter criminal law regulations apply to dealings with public officials than to dealings with business partners and private individuals, as the independence of government administration is to be protected in particular. In some countries, so-called "feeding" is already punishable. This is understood to mean the targeted influencing of public officials

through relatively small favours or benefits. In order to avoid even the appearance of venality, many authorities have issued their own regulations for their employees, which specifically stipulate which benefits may be accepted from them. Special caution is therefore required when dealing with authorities or representatives of authorities.

There are only a few legally permissible exceptions in which a public authority representative/official may receive gifts or be invited - e.g. as a representative of an authority/the state to a high-profile event. In all instances, gifts, hospitality, and other entertainment must be customary where given, moderate and reasonable for the occasion, permissible under local law, and properly recorded in company records.

In these cases, it is mandatory to obtain the prior consent of the management, and all associated expenses must be moderate and properly documented in company records (documentation: e.g. identity of the recipient or recipients, the business purpose associated with the occasion, and reason for the gift or hospitality).

4.7 Contributions to business partners

In some countries, inducements to business partners are also punishable if they are made with the purpose of forcing third parties out of competition or specifically favouring individual business partners. Inducements must not give the appearance or have the purpose of improperly influencing. As a rule, this is always the case if the contribution is made in connection with a direct business transaction. In cases of doubt, contact the management.

4.8 Sponsoring and donations

The Heimbach Group supports organisations and events worldwide through sponsoring and donations. These help to strengthen Heimbach's reputation. Donations are important measures to express our self-image of social responsibility.

Notice!

Sponsoring is the promotion of persons, organisations and events in the form of money, goods and services with the purpose of promoting one's own communication and marketing goals. The aim of sponsoring is to draw attention to one's own company, primarily in connection with social commitment at an event with media impact. Sponsorship may not be offered or granted in return for the performance of a public official's duties. Furthermore, any sponsorship must serve a legitimate business purpose.

Donations are voluntary services provided without consideration in cash or in kind to promote a tax-privileged purpose.

Sponsorship may only be provided within the framework of the respective legal system and in accordance with the internal regulations applicable for this purpose and must be agreed with the management in advance.

In principle, the following applies to sponsoring as to donations:

- No dishonest advantages for Heimbach may be gained and no dishonest purposes pursued with a sponsorship or donation.

- Sponsoring and donations must always be transparent (documentation: e.g. identity of the recipient, purpose, reason for the sponsoring/donation).
- Sponsoring and donations must not harm the reputation of Heimbach.
- Payments must not be made to private accounts.
- Every sponsorship and donation must be compatible with the company's principles and must be approved by the management.

5. Violations of anti-corruption laws and their drastic consequences

Violations of anti-corruption laws are not trivial offences. They can have drastic consequences, especially if they are committed systematically, for...

... Heimbach

- High fines
- Criminal prosecution or tax consequences
- Civil liability towards third parties
- Skimming of profits
- High legal costs
- Damage to reputation
- Blocking of public and private contract awards
- Consequential costs and limitation of the free exercise of business, e.g. through requirements or monitorships

... individuals / board members

- Imprisonment
- High fines
- Civil liability towards third parties
- Disciplinary sanctions up to and including termination
- Consequences under labour law

6. Important principles and golden rules

In order to protect oneself and the Group from these sanctions, it is imperative that the following principles are observed:

- None of Heimbach's employees may exploit the company's business connections for their own or another's advantage or to the detriment of the company (separation principle).
- All business transactions must be conducted transparently (transparency principle).
- Transactions must be documented in writing, in particular performance and consideration. It must be possible to reconstruct a transaction on the basis of the documentation (documentation principle).

- As a matter of principle, services are not to be settled in cash; payments must always be made by bank transfer. Care must be taken to ensure that this is not an offshore bank connection (principle of cashlessness) or a bank account not owned by the business partner.

Golden rules so that you can move safely in everyday business life: Ask yourself the following questions in connection with payments or benefits before you take action:

- Your boss finds out about the activity!
Could you represent your actions with a clear conscience?
- Your life partner finds out about your action!
What consequences would your actions have?
- The press reports about your action!
Could you justify your action publicly?

What you should avoid:

- Do not mix your private interests with the interests of Heimbach.
- Refrain from giving gifts of money or items that can be used like money.
- Do not give or accept gratuities if it gives the impression that you are doing so only to receive something in return or to provide a benefit.
- Do not give benefits to public officials without first obtaining management approval.
- Avoid making regular contributions to the same person.
- Never make payments without having received an auditable invoice. In the context of consultancy contracts, avoid a performance-related fee that is based on a percentage of the order volume and does not include a cap.

What you should always bear in mind:

- Always act transparently so that third parties can understand your decision.
- Always pay attention to the appropriateness between performance and consideration.
- Before accepting and granting a benefit, check whether it is socially adequate (value of the benefit corresponds to your standard of living or that of the business partner). This benefit may only exceed the amount of €35 under tax law in exceptional cases.
- In cases of doubt, always consult the management in advance.
- Always check whether you still consider your decision to be correct even if Heimbach would have to represent your decision in public.
- The account of the business partner is located in the country of his residence, place of business or in the country where the service is provided.
- Payments to business partners should always be made to the account stipulated in the relevant contract.

- The business relationship must always be based on a written contract with a detailed description of services.

7. Effective anti-corruption at Heimbach

At Heimbach GmbH with all companies of the Heimbach Group, a preventive compliance approach is pursued. Heimbach relies on:

- **Prevention** through consultation, training and selection of business partners.
- **Investigation** through risk management, compliance committee, whistleblower process, reporting
- **Reaction** through audits, key figures & measures

Heimbach maintains numerous options to protect itself against corruption. These include in particular:

7.1 Advice

Various information and advice options are available on the Heimbach SharePoint. Heimbach has also set up an e-mail address for advice in individual cases. You can ask questions about potential corruption at compliance@heimbach.com.

7.2 Training and Information tool

An important component of the preventive compliance strategy at Heimbach is the online learning program "Compliance". This tool is currently being established and is intended to support you in your efforts to behave in a compliant manner in all business situations. The training tool includes training material with comprehensive information, especially on the Code of Conduct. In addition, comprehension is checked by means of test questions. Binding effect is achieved through a personal login and confirmation of the certificate.

7.3 Business Partner Check

The best prerequisite for clean business is clean business partners with integrity. Heimbach enjoys a very good reputation worldwide. To protect this, we need to know our business partners, as the risks they pose are attributed to us. A single dubious business relationship can lead to exclusion from contract awards and the loss of long-standing business partners of integrity.

Before entering into business relationships, Heimbach therefore examines its potential partners conscientiously and carefully. All new suppliers, cooperation partners, dealers, consultants, sales representatives and importers are questioned and checked with regard to their financial background, quality assurance and integrity.

The following tools are used in this process:

- Heimbach - Anti Terror Ordinance
- Heimbach - Standards for Suppliers

- Heimbach - Supplier self-disclosure

Doing business with companies and persons on one of the international embargo and sanctions lists is prohibited!

Background research can provide further assurance that a business relationship is being entered into with the right partner. For Heimbach, the following also applies here: In case of doubt, it is better to forego a business relationship than to jeopardise the reputation of the group. The "Business Partner Check" serves as a support to identify possible risks at an early stage and to be able to counter them appropriately.

7.4 Risk management

Heimbach conducts an annual review of the corruption risk assessment, which is prepared by region and risk group. This is used as a basis for the development of preventive measures.

The CPI (Corruption Perceptions Index) from Transparency International (<https://www.transparency.de/cpi/>) is used as a basis for the review. Here, China is below the average of all countries with a rating of 42 (as of 2021) and Germany is in ninth place with 80 points - here a rating of 100 points is considered to be "very integer" and a value of 0 is considered to be "very corrupt".

For this independent consideration, Heimbach differentiates internally between the departments and assesses to what extent these departments are exposed to a risk of corruption - e.g. sales is rated here with a higher risk than production.

Finally, an assessment of possible damage to the company is derived from the turnover achieved by the Heimbach Group from the regions. The risk assessment for the Heimbach Group is based on this comprehensive analysis.

7.5 Heimbach Compliance Committee

The Compliance Committee is organisationally assigned to the Compliance division and is available to employees, business partners and third parties for advice on corruption-related issues. The committee consists of members of the Executive Board, the Compliance and Whistleblower Representative and the site managers, who are called in on a case-by-case basis. The Compliance Committee, the Executive Board, the Compliance and Whistleblower Representative and the internal specialist units must maintain absolute confidentiality about the enquiries vis-à-vis third parties who are not involved in the proceedings. The organisation of the Compliance Committee, responsibilities and the associated process flow are documented on the Heimbach SharePoint within the Guideline Compliance.

7.6 Whistleblower Process

Heimbach has set up a whistleblower process, which is assigned to the Compliance department. This provides employees, business partners of Heimbach as well as third parties with a protected space to report indications of corruption while maintaining anonymity. The whistleblower process is intended to help clarify and investigate potential compliance issues, including corruption effectively. Justified tips can be submitted at any time. They are received

by the management, the Compliance and Whistleblower Representative or the Compliance Committee. The whistleblower shall not suffer any consequences in his or her employment. Employees are prohibited from taking any retaliatory action against whistleblowers.

Compliance Komitee - confidential
Heimbach GmbH
An Gut Nazareth 73
52353 Düren
compliance@heimbach.com

Compliance Manager and Whistleblower Representative
Stefan Körfer
+49 2421 802-501
Stefan.koerfer@heimbach.com

Information is treated strictly confidentially.

The Investigation Committee deals with matters that are brought to its attention by the Compliance Committee and show an initial suspicion of corruption. The core task of the investigation committee is to determine concrete actions in cases of suspected corruption. If necessary, legal support is obtained to clarify the facts.

7.7 Reporting

The annual reporting takes place via the "Annual Compliance Report", which deals in particular with the topics of ethics and labour & human rights.

7.8 Key figures & Measures

The Heimbach compliance indicators and the associated targets are documented in the annual compliance report. Measures derived from this and actions derived from specific incidents are reported in the same place.

7.9 Audits

Regular internal audits are conducted by the management according to a defined audit plan. The results and findings are documented in the annual compliance report.

As part of the annual financial audit, Heimbach is externally audited and assessed with regard to compliance. A separate report is prepared for this purpose.

7.10 Languages

The Heimbach Compliance Guideline, the Code of Conduct, the Whistleblower Policy and the Anti-Corruption Guideline are published in various languages:

German, English, French, Spanish, Portuguese, Italian and Chinese (Mandarin).

In case of discrepancies or contradictions between the different language versions, the German version shall prevail.

7.11 Binding nature

This Anti-Corruption Guideline is not only binding for all Heimbach employees, Heimbach also expects all other internal employees (e.g. interns, consultants, agencies) to comply with this Guideline. Rights in favour of third parties are not to be established thereby.

In case of doubt, the Compliance Committee shall decide.

7.12 Contact

The Compliance Committee is available to all employees as a contact for questions on the subject of corruption and other compliance-relevant issues under the following contact:

compliance@heimbach.com

marco.esper@heimbach.com

stefan.koerfer@heimbach.com

8. Where can you find more information on anti-corruption?

Corruption Prevention - A Guide for Business (UN Global Compact-DICO)

"Resist" Guide (Publisher: Transparency International Deutschland e. V.; ICC Germany International Chamber of Commerce)

OECD - "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions"