



Guideline Compliance

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 the companies of the Heimbach Group, has undertaken to conduct its business in accordance with the highest ethical standards and to comply with the law. As a globally active textile company, Heimbach thus assumes responsibility for its employees, customers, society and the environment.

The linking of economic action, ecology and social responsibility has been a cornerstone of our corporate mission statement "Our Vision - Our Mission" for years and is anchored in the principles of our management system. Heimbach stands equally 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.

With our management system and the responsible actions of all employees, we ensure that these fundamental principles of conduct are adhered to. Our principles shape the relationship with business partners, customers and suppliers and also affect the relationship with the owners of the Heimbach family. In this context, the integrity of all Heimbach employees is the basis for reliability in our business life.

Compliance describes precisely this business and legal **adherence to rules** by companies, i.e. the observance of laws, guidelines and voluntary codes, such as the Heimbach Code of Conduct. The entirety of a company's principles and measures to comply with certain rules and thus to avoid breaches of the rules is also referred to as compliance management. The central body in Heimbach Compliance Management is the Compliance Committee, which is responsible for the observance and adaptation of our rules and procedures and shapes them in a future-oriented manner. With our Compliance Management we ensure that these rules and procedures are constantly adapted to current and future legal requirements, trained and made accessible to all employees via the Heimbach SharePoint and our website. With the establishment of the compliance management, the management has made a clear statement that it is the permanent task and responsibility of every employee to act in accordance with the Heimbach values.

Our business partners trust Heimbach to act in a legally sound and compliant manner - always and everywhere in the world. Every employee* of Heimbach GmbH 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 breaches of the rules.

We count on you to do this!

1. Compliance Management

Organisations that want to be successful in the long term must cultivate a culture of integrity and compliance and take into account the needs and expectations of interested parties in this regard. Therefore, integrity and compliance are not only the foundation but also the opportunity for a sustainably successful organisation.

Compliance / adherence to rules is an outcome of an organisation meeting its obligations and becomes sustainable by being embedded in the culture of the organisation, as well as in the behaviour and attitude of the people working for the organisation.

Compliance management, while maintaining independence, brings together the organisation's financial, risk, quality and sustainability management and is integrated into operational realities and processes. An effective organisation-wide compliance management system allows an organisation to express its commitment to compliance, i.e. adherence to applicable laws, industry codes and organisational standards, as well as consideration of corporate governance principles, best practices, ethics and societal expectations.

Compliance also describes the personal organisational and monitoring duties of management and supervisory bodies to prevent legal violations by the company.

The requirements that laws and guidelines place on companies are becoming increasingly complex. This also increases the risk of management itself being held liable for violations. It is precisely under these aspects that "compliance", probably best translated as "acting in accordance with certain rules", is becoming increasingly important.

Heimbach fulfils its responsibility towards society and acts accordingly. The company and its employees are responsible for economic actions that comply with the rules as well as for the common good.

Therefore, with its Code of Conduct Heimbach commits itself to a sustainable compliance management which is valid for all Heimbach employees at all locations worldwide and thus underlines the ethical principles which have always been anchored in our management system.

At the same time, Heimbach provides each employee with a set of supplementary guidelines, such as this Compliance Guideline, to assist in taking responsible actions that serve the good of the company. The current overview of the supplementary guidelines can be viewed and printed on the Heimbach SharePoint under "HMB / Compliance".

2. Compliance-Organisation

In accordance with the statutory organisational and supervisory duties, there is a focus on the special responsibility of the management for establishing, maintaining, evaluating and continuously improving the compliance management system. It is the responsibility of the management to define the internal responsibilities and powers and to appoint a Compliance-Manager. It must be possible for the Compliance-Manager to perform his compliance tasks independently. Conflicts of interest due to the simultaneous assignment of other tasks must be excluded. Furthermore, a direct reporting possibility to the management shall be ensured. It is the responsibility of the management to communicate the importance of compliance requirements and their fulfilment to the employees. It is explicitly required to make a commitment to the creation of a compliance culture. It should also express its expectation that compliance requirements are actually met. As part of its oversight

responsibilities, management itself conducts regular assessments of the compliance management system. In addition, it ensures compliance with its information and reporting obligations to the internal supervisory bodies.

Management is committed to identifying and providing resources necessary for an effective compliance management system. Training needs shall be systematically identified; necessary training shall be provided. The effectiveness of the measures taken shall be assessed regularly.

2.1 Organisation - Responsibilities

In accordance with the Heimbach Group's rules of procedure, the Heimbach management is responsible for implementing compliance management at Group level. The Compliance Committee is organisationally assigned to the Compliance division and is available to employees, business partners and third parties for advice on compliance-relevant issues. The committee consists of members of the management (Chairman: CEO), the Compliance-Manager and Whistleblower-Representative as well as the site managers, who are called in on a case-by-case basis. The task of the Heimbach Compliance Committee is to monitor the observance and implementation of compliance management, and it is also responsible for the future-oriented adaptation of our rules and procedures.

The management fulfils its organisational and supervisory duties through regular risk assessments and audits, evaluating the effectiveness of the measures taken.

The Compliance-Manager and Whistleblower-Representative can perform his duties without any conflicts of interest and reports directly to the Executive Board.

Regular compliance training for all employees, with integrated knowledge checks and personal approval, ensures commitment. The organisation of the Compliance Committee, responsibilities and the associated process flow are also documented on Heimbach SharePoint and in ECM.

With its compliance organisation, Heimbach has introduced a compliance management system that documents, implements and maintains all relevant requirements.

The following measures have been established for this purpose:

- Processes and rules (releases, updates, distribution, retention obligations, control mechanisms) are defined in a binding manner.
- Resources are available and information is up-to-date
- Risks are analysed, processes are audited, evaluated and corrected if necessary
- Functionality of the system is ensured (Compliance Process Review)

2.2 Risk analysis

A risk analysis serves to identify threats and dangers within the framework of the company's value-adding activities. The focus is on the potential occurrence of serious events with significant critical relevance for the company. The object of escalation processes is the resolution of non-compliance situations that have already arisen as well as the prevention of non-compliance situations that are to be feared. This means that critical activities are made transparent and promptly

brought to the attention of the responsible authority (management/compliance committee) in order to make regulatory decisions.

Conflicts of interest must be identified and organisationally excluded as far as possible. All compliance-relevant incidents must be documented. System monitoring, analysis and improvement guarantee a continuous improvement process. Defined processes for monitoring, analysing and improving this system are required. An established audit programme, monitoring measures and the obligation to implement the findings aim to continuously improve the system.

Under these premises, Heimbach regularly conducts risk analyses on various key topics:

- Ethics
- Labour and human rights
- Health and safety
- Environment
- Procurement / Supply Chain
- Compliance
- Anti-Corruption

The results and findings are documented in corresponding annual reports. The responsible committees ensure the functional reliability of our management system by continuously improving our processes.

Further information on corporate risks can be found in the Risks and Opportunities guideline. Heimbach: ECM*0807 "Risks and Opportunities"

2.3 Goals - binding commitment

Socially responsible corporate governance is one of the basic and core principles of entrepreneurial action. In all entrepreneurial decisions, the consequences in economic, social and ecological terms must be considered and an appropriate balance of interests must be achieved. Within the scope of our possibilities, we contribute to the sustainable and compliant development of global society.

Our customers, suppliers and other business partners expect not only the quality of our products and services, but also a high degree of professionalism and absolute integrity in our dealings with them. Therefore, correctness, honesty and transparency are at the centre of all communication and all contractual relationships.

We derive the following general and binding goals for our compliance management:

- Ensuring compliance with all applicable laws and rules
- Provision of the necessary resources
- Regular risk assessment
- Annual training and confirmation by all staff
- Continuous system monitoring, analysis and improvement
- Annual auditing and monitoring

The risk minimisation measures contribute to the company's reputation and conserve internal resources thanks to the clear regulations. The high transparency of the processes increases efficiency in implementation. Established control mechanisms facilitate business decisions and increase competitiveness.

3. Compliance Process

Detailed further information on internal processes and audits, regular training and certification, investigation methods and disciplinary measures, risk assessment, updating and confidentiality can be found below.

3.1 Code of Conduct

The Heimbach management commits itself to compliance / adherence to rules in the Heimbach Code of Conduct. The document describes our basic understanding and also details our understanding of responsible corporate governance. The interaction between management and employees as well as the implementation of the Code of Conduct are explained. This makes our Code of Conduct the central element in Heimbach Compliance Management.

3.2 Guidelines

In addition to the "Compliance" guideline and the Code of Conduct, Heimbach has formulated further binding guidelines for action which concretise the detailed information on specific topics.

The Heimbach Compliance Management is based on these action guidelines:

Heimbach: ECM*3869 "Heimbach Management System (HMS)"
Heimbach: ECM*6625 "Compliance_Guideline Compliance (English Version)"
Heimbach: ECM*5068 "Compliance_Code of Conduct (English version)"
Heimbach: ECM*5070 "Compliance_Whistleblower Policy (English version)"
Heimbach SharePoint: HPA / Compliance / "Standards for Business Partners"
Heimbach: ECM*0807 "Risks and Opportunities"
Heimbach: ECM*6259 "Compliance_Guideline Anti-Corruption (English version)"
Heimbach: ECM*6267 „Handlungsleitlinie Werbegeschenke“
Heimbach: ECM*6856 "IT Policy (English version)"
Heimbach: ECM*7161 „Policy Ethics“
Heimbach: ECM*7160 „Policy Labour and Human rights“
Heimbach: ECM*7159 „Policy Environment“
Heimbach: ECM*7162 „Policy Procurement“

3.3 Risk Assessment / Audit

As already described in the Compliance Organisation section, Heimbach carries out extensive risk analyses on various key topics in order to keep threats and dangers away from the company. Regular audits are carried out to ensure sufficient security and to maintain proof of effectiveness. The audits are guided by appropriate monitoring checklists and the results are to be documented in writing. Measurable results are also recorded as such.

The analysis results are evaluated in the respective expert committees. Insights gained are to be integrated into corresponding compliance measures and rules.

3.4 Whistleblower-Process

Heimbach has established a whistleblower process that is integrated into our compliance management. This offers all employees, business partners of Heimbach and third parties a protected space to report violations of our compliance management or appropriately substantiated suspicious cases while maintaining anonymity.

Heimbach: ECM*5070 "Compliance_Whistleblower Policy (English version)"

Reporting process:

Information is received by the management, the Compliance-Manager and Whistleblower-Representative or the Compliance Committee and is treated in strict confidence. To the extent permitted by law, the identity of whistleblowers, accused persons and employees involved in the investigation of violations shall remain anonymous. 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

Further contact details and other relevant compliance information can be found on the Heimbach SharePoint at
HMB / Compliance

Investigation process:

In the event of violations of this Code of Conduct, the Compliance Committee conducts investigations in accordance with the information provided and determines specific actions and measures. If necessary, legal support is obtained to clarify the facts.

If necessary, the guidelines for action are adapted to prevent similar violations.

3.5 Communication and training

Heimbach provides all employees, as well as interns, consultants and agencies, with appropriate information to avoid possible violations of the law and our rules of conduct. This includes, in particular, the policy, guidelines and training for specific topics and certain hazard areas. A digital training tool supports us in the instruction, knowledge verification and documentation as well as the confirmation of all employees for compliance / adherence to rules.

The training tool is operated by an external provider and is always legally up to date. The standard training courses are accompanied by examination questions. The training material is additionally supplemented by Heimbach internal training content and thus adapted to the company's needs. The knowledge examinations are to be taken on a personalised basis and the success of the training is certified by an appropriate certificate. Every Heimbach employee is thus instructed once a year.

The Compliance Committee is available to all employees as a contact for questions on compliance-relevant topics under the following contact: (compliance@heimbach.com) Further contact details and other relevant information on compliance can be found on the Heimbach SharePoint at HMB / Compliance.

3.6 Legal consequences / disciplinary measures

Violations of applicable law, ethical principles and agreed compliance rules can have far-reaching consequences for Heimbach. Among other things, there is a threat of:

- Fines
- Damages and punitive damages
- Skimming of profits
- Exclusion from contracts
- Termination of business relations
- Attempts at blackmail
- Damage to image
- Negative assessment on the capital market

Individual employees who violate the principles of our compliance management or associated rules and guidelines also face severe consequences:

- Custodial sentences or fines
- Claims for damages
- Consequences under labour law up to and including dismissal

Employees who violate the rules cannot claim that they were acting in Heimbach's interest, because all violations of the rules damage the company in the long term.

3.7 Reporting

Correct communication

Employees are obliged to make true statements in internal and external reports in oral and written form. Any manipulation of the content is prohibited.

Annual reports

Heimbach reports on the activities, incidents and measures guided during the year in the annual report on compliance. In addition, there are further annual reports on specific topics.

4. Implementation of the Code of Conduct

Heimbach communicates the Code of Conduct and its implementation to employees, business partners and other stakeholders internally by publishing it in the document management system (ECM) and on the Heimbach SharePoint under HPA / Compliance as well as externally by publishing it on the company website and in social media. Heimbach is prepared to engage in dialogue about the contents of the Code of Conduct. Trade secrets and business information of third parties are always treated confidentially.

Heimbach makes all appropriate and reasonable efforts to continuously implement and apply the principles and values described in this Guideline and our Code of Conduct and to remedy any existing deficits as quickly as possible. This is ensured by conducting regular internal audits according to a defined schedule. Contractual partners shall be informed of the essential measures and be granted access to our audit plans and checklists upon request, provided that this is done on a reciprocal basis. It should be comprehensible for the contractual partner that compliance with the Code of Conduct is fundamentally guaranteed. This does not imply any claim to the disclosure of trade and business secrets or information relating to competition or other information worthy of protection.

4.1 Implementation in the supply chain

It is assumed that all Heimbach suppliers comply with both the standards and principles on corporate social responsibility of the UN Global Compact and the respective applicable law. Suppliers are responsible for monitoring and documenting their own compliance and for promoting compliance within their supply chains. Heimbach reserves the right to investigate any instances of non-compliance by a supplier of which it becomes aware. In the event of non-compliance, Heimbach may declare the contractual obligations to be fulfilled vis-à-vis the supplier invalid or cease to perform them.

In addition, we expect our suppliers to confirm our Supplier Code of Conduct.
Heimbach SharePoint: HPA / Compliance / "Standards for Business Partners

4.2 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.

You can find the latest versions on the Internet at www.heimbach.com/compliance

4.3 Binding nature

This Compliance 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.



4.4 Contact

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www.heimbach.com/compliance
Heimbach Sharepoint: HMB / Compliance