CODE OF CONDUCT PAUL KÖSTER GMBH





GREETING

FOREWORD FROM COMPANY MANAGEMENT

Dear employees of Paul Köster GmbH,

Since being founded over 100 years ago, Paul Köster GmbH has earned a reputation as a fair and reliable partner. Coupled with innovative top quality, these values have made the company a respected global leader in leak-testing machines, automation systems and assembly technology. We also want to maintain this position and to build on it into the future.

Our Code of Conduct is intended to be an ethical and legal compass along this journey. It contains the ground rules for our conduct within the company and towards our business partners and the public.

Please read this Code of Conduct thoroughly. It will help you in your daily work.

Paul, Friedrich and Ernst Köster

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For ease of readability, the masculine form is used when referring to persons. All statements, naturally, apply equally to persons of any gender.



OVERVIEW

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OUR GOAL: TOGETHER





Customer orientation: We solve the problems of our customers.

- > We make our contribution to the success of our customers.
- > We boost the profits of our customers.
- > We build customized state-of-the-art machinery.

Integrity: As a role model, we set an example by doing the right thing.

- > We respect every individual and treat our environment responsibly.
- > We treat others as we would expect to be treated ourselves.
- > We listen to and try to see things from the other person's perspective.

Team spirit: We join our forces to get to the top.

- > We accept differences as opportunities.
- > We stand together, and we win and lose together.
- > We challenge ourselves and each other to become better.

Resolve: We grow beyond ourselves.

- > From challenges we create solutions.
- > We take the next step with commitment and motivation.
- > We learn from our mistakes.

INTRODUCTION

OUR RESPONSIBILITY FOR COMPLIANCE

What is key to the success of our company is that all of us – company management, senior management, and each and every employee – behave honestly, ethically, and with integrity. This also means that we report and communicate internally and externally in a truthful, comprehensive and timely manner.

Our shared goal is to take responsibility for our company and protect the reputation of our brand. Honoring the principle of sustainability, we are aware of our responsibility for the economic, social and ecological impacts of our actions. This also includes ensuring that the rules that apply in the company apply to all of us, at all times and everywhere, and that we comply with them. Company management and our senior managers play a special and responsible role here: As role models, they must prevent behavior in the company that is against the rules, protect their employees, and represent the company with integrity both internally and externally. This Code of Conduct helps us by identifying potential areas of risk and conflict and their significance for our company and by explaining them using case studies.

The contents in this Code of Conduct are grouped under three basic headings:

Our responsibility within the company our responsibility as a business partner our responsibility at the workplace.



The Code of Conduct serves as a binding guideline for our day-to-day work. It is supplemented by internal guidelines and regulations and by employment-contract agreements. Naturally, we also comply with national and international legal regulations. This also means that we will have nothing to do with activities linked to fraud, embezzlement, extortion, theft, misappropriation or any other deliberate harm to the assets of our customers or of third parties.

Failure to comply with the Code of Conduct can cause significant damage not only to our company, but also to us as employees, as well as to our business partners and other stakeholders. The Code of Conduct is therefore binding on all of us, regardless of whether we are employees or managers in the company.

We do not tolerate any breaches of the Code of Conduct.

Anyone who violates the Code of Conduct must expect appropriate consequences, which – depending on the severity of the violation – can range from measures under labor law to civil claims for damages and criminal sanctions.

To ensure that this does not happen, each and every one of us is responsible for familiarizing ourselves with the contents of the Code of Conduct, for making it a part of our own behavior, and for taking it into account when making decisions. In cases of doubt, we can confidently turn to the HR department or company management for competent advice.



OUR RESPONSIBILITY WITHIN THE COMPANY





RESPONSIBILITY

HUMAN RIGHTS

The United Nations Universal Declaration of Human Rights and the European Convention for the Protection of Human Rights and Fundamental Freedoms laid out the needs and expectations of the international community with regard to respect for and observance of human rights.

Corporate policy:

We respect, protect and promote worldwide the applicable legislation for the protection of human and children's rights (referred to below as human rights) as fundamental and universally applicable guidelines. We reject any use of child, forced and compulsory labor, and any form of modern slavery and human trafficking. This applies not only to cooperation within our company but also to the conduct of business partners and to our conduct towards them.

My contribution:

As an employee, I can also make a contribution to respecting human rights. I will respect human rights as a fundamental guideline and remain alert to human rights violations that may occur in my surroundings. If I discover any evidence of human rights violations in my occupational environment, I will ensure that these violations are prevented or stopped. If necessary, I will inform my supervisor or contact the HR department.



Example

You are responsible for the purchase of certain goods. You receive information that children are employed in the supplier's production or that employees are forced to work under inhumane conditions (e.g. are exposed to health hazards).

Handling

Take the necessary steps and inform your supervisor and all relevant departments. Our company must examine the business relationship with this business partner more closely and, if necessary, end it.

EQUAL OPPORTUNITIES AND EQUAL TREATMENT

Equal opportunities and equal treatment are important cornerstones for fair, unprejudiced and open interaction. Paul Köster GmbH promotes respectful and cooperative interaction, diversity and tolerance. After all, this is the only way we can achieve maximum productivity, competitiveness, innovation, creativity and efficiency.

Corporate policy:

We offer the same chances to all. We do not discriminate against anyone and do not tolerate discrimination on the basis of ethnic or national affiliation, gender, religion, world view, age, disability, sexual orientation, skin color, political views, social origin or any other characteristic protected by law. In the company's own interest we live diversity, actively promote inclusion, and create an environment that fosters the individuality of each person. Out of principle, our employees are selected, hired and promoted based on their qualifications and skills.

My contribution:

I honor the principles of equal opportunities and equal treatment and encourage the persons around me to behave in the same way. If I observe any violations of the principles of equal opportunity and equal treatment (e.g. through discrimination, harassment and bullying), I will point out the misconduct to the persons concerned. If I cannot directly influence what is happening, I will report the incident to HR or to company management.



Example

You learn from a colleague, who is also a friend, that an applicant in his department was rejected because of his skin color, even though he was the most suitable candidate for the advertised position.

Handling

Help resolve the matter by reporting the case to Human Resources, to allow appropriate action to be taken.



PRODUCT CONFORMITY AND SAFETY

EXCLUDING HAZARDS

Every day, countless people come into contact with our products and services. Paul Köster has the responsibility to exclude as far as possible the risks, disadvantages and dangers posed to the health, safety, environment and assets of our customers or of third parties that may result from the handling of these products and services.

Corporate policy:

It is therefore not only a legal obligation but also a requirement we place on ourselves that we comply with the legal and official regulations and internal standards applicable to our products. Our products meet the respective state of the art and are developed to meet the legal requirements as well. Processes and structures, plus product monitoring in the field, ensure that this is done continuously and systematically. We brook no compromise here. We ensure that appropriate measures can be initiated in good time should any deviations occur.

My contribution:

If I discover or have concerns that our products may pose a risk or that regulations are not being complied with, I will take preventative action. I will report the case to my supervisor and the appropriate departments within the company.



Example

A customer reports to you some problems with the safety of a machine. You are not sure if the cause is an operating error by the customer or a flaw in the production, programming or design.

Handling

Raise the issue. It must be ensured that any problem that PK is responsible for is corrected. A customer's operating errors may also necessitate a response from the company (e.g., to adapt operating instructions or training in how to use the application).

FOR FUTURE GENERATIONS

ENVIRONMENTAL PROTECTION

Paul Köster GmbH is a global supplier of specialist machines in the core areas of leak testing, assembly technology and automation. At the same time, the company remains aware of its special responsibility for the environment.

Corporate policy:

As a commercial enterprise, we bear responsibility for the environmental compatibility and sustainability of our products, sites and services. We rely on environmentally compatible, advanced and efficient technologies and implement them throughout the entire lifecycle of our products. We respect as best we can the need to use natural resources carefully, to continually lessen our impact on the environment, and to comply with environmental protection laws and regulations.

My contribution:

Within the scope of my activities, I note the concerns of environmental protection and use energy and resources expediently and sparingly. I ensure that my activities do the least possible harm to the environment and that they comply with environmental protection laws and regulations.





Example

You notice a tank leaking large amounts of chemicals, which are seeping into the ground.

Handling

Alert a responsible employee immediately and point out the problem. Do not rely on someone else to report it.



CONSISTENT PRESENTATION

MARKETING/COMMUNICATION

Paul Köster GmbH attaches great importance to clear and open communication with employees, business partners, the press and other stakeholders in a bona fide and legal manner. Each of our employees is responsible for following internal regulations when communicating in order to ensure that the company is presented in a uniform and consistent way. In doing so, each of our employees will respect the effort of their business counterpart and respect their professional and personal reputation.

Corporate policy:

To maintain the trust of customers and other stakeholders, we pay attention to consistent and clear communication. We coordinate planned communication and marketing measures with the Communications and Marketing Department before they are approved and implemented.

My contribution:

I do not issue public statements on behalf of my company and always refer inquiries to the Communications Department. If I speak at public, professional or cultural events or on the Internet, I make it clear that my opinion is my own.



Example

You see information on the Internet that supposedly originates with Paul Köster GmbH. You know right away, however, that the information has been plucked from thin air.

Handling

Immediately save the source and contact the Communications Department, as they can respond fully and appropriately to the misrepresentation.

OUR RESPONSIBILITY





MAINTAIN OBJECTIVITY

CONFLICTS OF INTEREST

A conflict of interest may arise when the private interests of a PK employee conflict with – or may be in opposition to – the interests of PK. Such a conflict of interest may arise from secondary activities in particular. If an employee places his or her personal interests above those of the company, the company can be harmed.

Corporate policy:

We respect the personal interests and private lives of our colleagues. We make a point, however, of avoiding conflicts between private and business interests, or even the appearance of such conflicts. Our decisions are based solely on objective criteria and we do not allow them to be influenced by personal interests and relationships.

My contribution:

I will strive to avoid even the appearance of a conflict of interest and will disclose any apparent or actual conflict of interest to my supervisor and, if necessary, to the relevant human resources department. Together we will search for a solution that does not compromise the interests of the company.



Example

Your boss asks you to review quotes for parts purchases that have come in from several suppliers. You discover that one of the most attractive offers has come from the company of a good friend.

Handling

Inform your supervisor of the situation and disclose the potential conflict of interest. Coordinate the next steps with your supervisor and report to company management if necessary.

ENSURTING APPROPRIATENESS

GIFTS, HOSPITALITY AND INVITATIONS

Benefits in the form of gifts, hospitality and invitations are widespread in business relationships. Provided that these benefits remain within reasonable limits and violate no internal or statutory regulations, they are not disapproved of. If such benefits exceed this framework, however, and are used to influence third parties, accepting them may be punishable by law.

Corporate policy:

Invitations and gifts are part of human interaction and civil pleasantries. We may offer invitations to business partners, present gifts and, at the same time, accept invitations and gifts, provided these remain within reasonable limits.

My contribution:

If an invitation or a gift is clearly or presumably connected with a concrete expectation or consideration, or if it violates laws or internal directives, I must decline it. I also never demand benefits or confer advantages. If I receive invitations to social, civic or recreational events in the business environment, I may attend only if they are within reasonable bounds. If in doubt, I contact my supervisor and ask to discuss the matter in advance.



Example

An employee of a supplier gives you an extremely valuable birthday gift that is for you alone.

Handling

Even if you believe the business relationship will not be affected by accepting the gift, you must not accept it without considering the effect. Contact your supervisor and discuss the situation. If necessary, a good compromise can be found.



AVERTING DAMAGE

PROHIBITION OF CORRUPTION

Corruption is a serious problem in commercial dealings. It leads to decisions being taken for improper reasons, hinders progress and innovation, distorts competition, and harms society. Corruption is forbidden. It may result in fines for Paul Köster GmbH and bring down criminal, civil and labor law penalties on employees involved in it.

Corporate policy:

The quality of our company's products and services is the key to our success. We have zero tolerance for corruption. We confer benefits on business partners, customers or other external third parties only to the extent of what is legally permissible and following intensive prior review.

My contribution:

I will never offer bribes and never allow myself to be bribed, directly or indirectly. I will study our internal regulations on my own responsibility before I give or receive gifts or extend or accept invitations and hospitality. If I receive evidence of corruption, I will report it immediately to my supervisor.



Example

You work in sales and would like to exceed your sales target for this year. You draft a bid for the tendered major order of a potential customer. The responsible decision-maker working for the customer offers to influence the awarding of the contract in favor of Paul Köster GmbH in return for an appropriate allowance "to cover expenses".

Handling

The customer's request constitutes corrupt behavior. Inform your supervisor immediately.

PREVENTIVE ACTION

PROHIBITION OF MONEY LAUNDERING & TERRORIST FINANCING

Almost every country in the world has laws against money laundering and the financing of terrorism. Money laundering occurs when funds or other assets originating directly or indirectly from criminal acts are brought into the legal economic cycle and their origin is thus concealed. Terrorist financing is the provision of funds or other means to pay for terrorist offenses or to support terrorist groups. Being held liable for money laundering does not depend on the participant being aware that money is being laundered through the legal transaction or transfer in question. Even unintentional involvement in money laundering can result in penalties for all those involved.

Corporate policy:

We carefully verify the identity of customers, business partners and other third parties that we seek to do business with. It is our declared goal to maintain business relationships only with reputable partners whose business activities comply with legal regulations and whose operating resources are of legitimate origin. We ensure transparent and open payment flows.

My contribution:

I will not take any actions that may violate domestic or foreign money laundering regulations. I will be alert to and follow up on any suspicious behavior among customers, business partners and other third parties. If there are any signs that may give rise to such suspicion, I will contact the accounting department immediately. I will comply with all applicable recordkeeping and accounting requirements for transactions and contracts within my area of responsibility.



Example

A client of PK that has paid in excess of what was agreed asks to be refunded not by bank transfer to his original business account, but by transfer to an account located in Switzerland, or to be paid in cash.

Handling

Such a request requires an explanation. Do not accede to the proposal right away, but rather ask the customer why the refund cannot be made in the same way as the original payment. Consult the accounting department.



PREVENTING IRREGULARITIES

TAXES AND CUSTOM DUTIES

Our worldwide activities and the opening up of new markets force us to comply with a broad range of legal regulations concerning foreign trade, tax and customs law. Compliance with tax and customs regulations builds confidence among customers and tax authorities and among the general public. Irregularities can cause considerable financial damage and serious reputational damage for PK, and the employee responsible must also expect negative consequences.

Corporate policy:

We are aware of our social responsibility in fulfilling tax and customs obligations and are expressly committed to complying with national and international legislation.

My contribution:

In my area of responsibility, I organize the internal structures and processes in such a way that the taxes and customs duties due are calculated completely, correctly and on time, recorded in reporting, and paid to the relevant tax authorities. If I recognize signs that tax and customs regulations in my professional environment are being violated, I will take all possible measures to prevent or remedy these violations.



Example

You are responsible for recording certain business transactions, and you receive a clearly incorrect instruction for booking.

Handling

Address the issue and, in any case, enter the booking according to the legal requirements. All business transactions must be recorded in the accounting system as set out in the legal provisions, since accounting is the basis for the tax declaration. Errors in accounting can lead to serious tax and customs consequences for the company and the employees responsible.

PROTECTION OF LIBERTY

FAIR COMPETITION

Fair and free competition is protected by the applicable competition and antitrust laws. Complying with these laws ensures that there is no distortion of market competition – which benefits all market participants. Agreements and collusion between competitors that have the purpose or effect of preventing or restricting free competition are especially prohibited. It is also illegal to abuse a dominant market position. Such abuse may exist, for example, if customers are treated differently without objective justification (discrimination), in the case of refusal to supply, and if unreasonable purchase or sales prices and conditions are imposed. Anti-competitive practices can not only damage a company's reputation, but also result in severe fines and penalties.

Corporate policy:

We conduct business exclusively according to the merit system and on the basis of the market economy and free, unhindered competition. We happily measure ourselves against our competitors and always comply with the law and ethical principles. We do not enter into any anti-competitive agreements with competitors, suppliers or customers. To the extent that PK does hold a dominant market position, we do not abuse it.

My contribution:

In any contact with competitors, I take care that no information is received or given that would allow conclusions to be drawn about PK's current or future business conduct. In conversations or other forms of contact with competitors, I avoid topics that are significantly related to our competition. These include prices, pricing, business plans, development statuses or delivery deadlines.



Example

You are at a trade show and talking to an employee of a competitor. You soon realize that he is trying to tease out information from you about upcoming business plans. To tempt you, he offers to disclose corresponding information from his company as well.

Handling

Make it clear to him immediately and unmistakably that you will not discuss these topics. Such a conversation would – apart from the unauthorized disclosure of trade secrets – constitute a violation of the applicable competition and antitrust laws and could have drastic consequences.



LARGE NUMBER OF SUPPLIERS AND SERVICE PROVIDERS

PROCUREMENT

In its business activities, Paul Köster GmbH is contractually linked to a large number of suppliers and service providers. We respect third-party intellectual property and are committed, for example, to developing and implementing effective methods and processes to prevent the risk of use of counterfeit parts and materials.

Corporate policy:

We select suppliers and service providers carefully and according to objective criteria. When purchasing products and services, we involve the purchasing department in accordance with the relevant procurement principles.

My contribution:

I do not unilaterally favor a supplier or service provider without an objective reason, and I avoid any conflict of interest. I do not buy any products or services without first having studied the market and alternative suppliers. In doing so, I observe the applicable procurement principles and involve the purchasing department early in the purchasing process.





Example

You have realized that, contrary to the procurement principles in force, a PK employee wants to contract a supplier without involving the responsible purchasing department.

Handling

Contact the responsible purchasing department or your supervisor to ensure that the most economical offer for PK is pursued.

IMPORTANT PROVISIONS

EXPORT CONTROLS

Cross-border economic transactions are subject to prohibitions, restrictions, licensing reservations or other monitoring measures, as part of export controls. In addition to goods, technologies and software are also affected by export control regulations. In addition to the actual export, this also covers temporary exports; for example, taking objects and technical drawings on business trips as well as technical transfers – for example, transmission via e-mail or to the cloud. Irrespective of a supply transaction, transactions with persons or companies on sanctions lists continue to be prohibited as a matter of principle.

Corporate policy:

We observe compliance with all regulations for the import and export of goods, services and information.

My contribution:

When deciding on the importing or exporting of products and services, I specifically review whether that decision may be subject to export controls. If in doubt, I seek advice from the department responsible for customs and foreign trade law.



Example

You receive a request from a potential customer that wants to place an order with PK to deliver products to a country that may be on the embargo list.

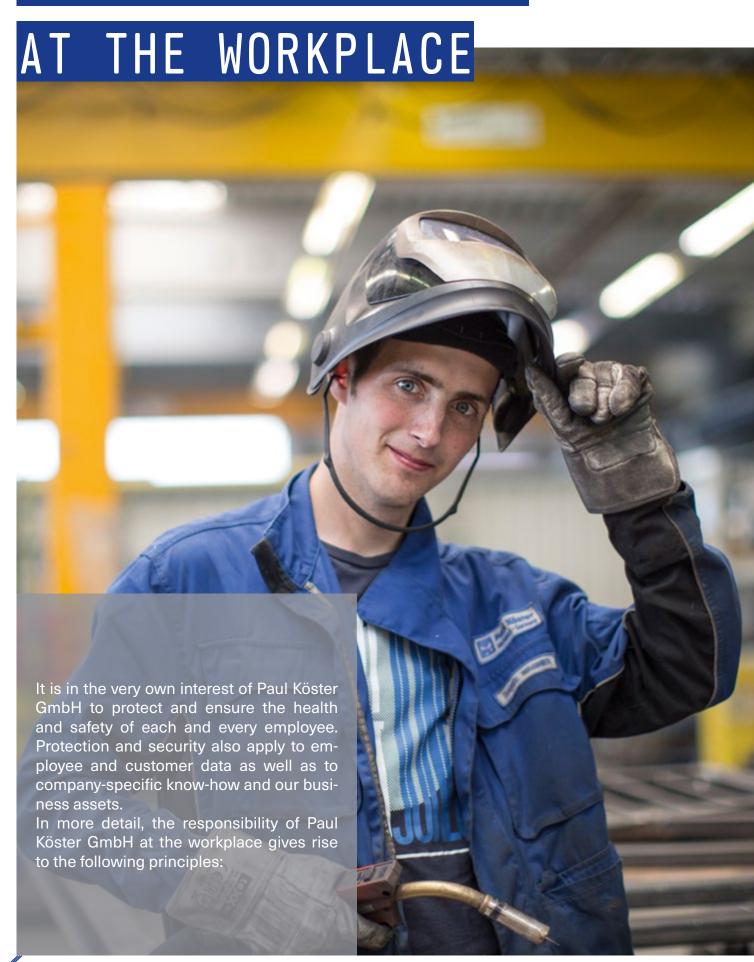
Handling

Clarify with the relevant department what export restrictions apply to the country to be supplied (e.g. a United Nations embargo) and do not conclude any contracts obligating PK to export to that country before a complete review has been carried out.





OUR RESPONSIBILITY





HEALTH FIRST

OCCUPATIONAL SAFETY

Paul Köster GmbH takes its responsibility for the safety and health of its employees very seriously. We ensure occupational health and safety within the framework of the applicable national regulations and based on the company's own health and safety policy.

Corporate policy:

We maintain and promote the health, performance and job satisfaction of our employees through continuous improvement of working conditions and a wide range of preventive measures.

My contribution:

I comply with the occupational health and safety regulations. I never endanger the health and safety of my colleagues or business partners. I take all reasonable steps within my authority, as required by law, to ensure that my workplace is always a safe place to work. By voluntarily taking advantage of the preventive measures, I am making an active contribution to maintaining and promoting my health.



Example

You notice that a machine in your department appears to have a defect in the electronics.

Handling

Clearly identify the machine as "out of operation" and notify the responsible supervisor. Repairing electrical equipment on your own is not permitted and can be dangerous.

PROTECTING PRIVACY

DATA PROTECTION

To protect privacy, special legal regulations govern the handling of personal data. Collecting, storing, processing and using personal data in other ways requires in principle the consent of the data subject, a contractual provision, or another legal basis.

Corporate policy:

We protect the personal data of employees, former employees, customers, suppliers, and other data subjects. We collect, collate, process, use and store personal data only in accordance with legal requirements.

My contribution:

I respect that personal data may be collected, stored, processed or used in another way only with the consent of the data subject, or based on a contractual provision or other legal basis. All elements of information processing must be secured to ensure the confidentiality, integrity, availability, verifiability and resilience of the information requiring protection and to prevent unauthorized internal and external use. If in doubt, I will contact my supervisor or my data protection office.





Example

You have organized a seminar for Paul Köster GmbH, and in the process you have received personal data of external participants. A colleague from sales asks you to pass on the addresses.

Handling

Do not share this data without first consulting your supervisor or your data protection officer. In principle, data may be used solely for the purpose for which it was communicated.



SECURITY FOR INTELLECTUAL PROPERTY

PROTECTING KNOWLEDGE

Paul Köster GmbH possesses extensive trade and business secrets as well as technical expertise. This knowledge is the foundation of our commercial success. The unauthorized disclosure of such knowledge can cause very high damages for our company and have consequences under labor, civil and criminal law for the employee concerned

Corporate policy:

We are aware of the value of our company's expertise and protect it very carefully. We recognize the intellectual property of competitors, business partners and other third parties.

My contribution:

I handle all information belonging to Paul Köster GmbH carefully and do not pass it on without authorization. I pay particular attention to information concerning technical expertise and trade and business secrets.



Example

You are taking part in a project that involves sensitive customer information about a new development. You take your laptop with you on a business trip for presentation purposes. You intend to go through the project documents again in the plane or on the train in order to make good use of your waiting time.

Handling

You must ensure that no one gains knowledge of any sensitive information that is on your company laptop. Failure to do so may result in serious consequences. Do not call up any such information in places where third parties can access or take note of it.

KEY PROTECTION MECHANISMS

IT SECURITY

Information technology (IT) or electronic data processing (EDP) are indispensable parts of the every-day work of Paul Köster GmbH. They also harbor many risks. These include, in particular, the impairment of data processing by malware (viruses), the loss of data to program errors, or the misuse of data (e.g. by hackers).

Corporate policy:

We remain alert to IT and EDP security measures and honor the applicable regulations.

My contribution:

I familiarize myself with the applicable IT security regulations and adhere to the clauses laid down in them. I am aware that unencrypted data exchange (e.g. via e-mail or USB stick) is not a secure means of communication.





Example

While travelling, you receive a USB stick at a meeting to exchange a document.

Handling

When exchanging data, use only data media or systems provided by the IT department and act in accordance with the information classification specifications. Have the document sent to you by e-mail, for example. However, never open e-mails and attachments that seem suspicious or that you receive from unknown persons; this will prevent malware from entering the company network.



THE CORRECT PROCEDURE

COMPANY ASSETS

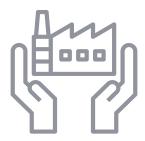
The tangible and intangible assets of Paul Köster GmbH help our employees achieve the company's business objectives and may be used only within the framework of company regulations.

Corporate policy:

We respect the tangible and intangible assets of PK and do not use them for non-business purposes.

My contribution:

I comply with company regulations and handle company assets considerately and carefully.





Example

Your soccer club needs a new metal staircase and asks you, as an employee, if you can acquire one.

Handling

Metal staircases can be manufactured as a private order at market rates. You should, therefore, draw up an official order for them, but by no means produce them yourself in your working time or simply provide them to the club at no charge.

QUESTIONS ON CODE OF CONDUCT?

Our first contact for questions or uncertainties about the Code of Conduct is the supervisor. In addition, each of us can confidentially turn to the personnel department, the works council or the respective specialist department. The corresponding contact data is stored in the system for all employees.





Self-test to help take a decision in difficult individual cases:

- > Have I considered all relevant concerns and weighed them up correctly? (Technical test)
- > Do I feel that my decision falls within the legal and internal guidelines? (Legality test)
- > Do I stand by my decision when the consequences come to light? (Supervisor test)
- > Would I advocate that the same decision be made company-wide in all similar cases? (Generalization test)
- > Do I continue to think my decisions are right when my company has to represent them in public? (Publicity test)
- > Would I accept my own decision if I were the party concerned? (Affected party test)
- > What would my family say about my decision? (Second opinion)

If I could answer all questions with "Yes", and if the last question can also be answered positively, then my behavior most likely coincides with our principles. If I have any further questions and doubts, I will contact the above-mentioned contact persons.



