

State: January 2018

Code of Conduct

Preamble:

Magnet-Schultz-Group (founded in 1912, today MSMgroup) as a globally acting family-owned company enjoys an excellent reputation in the public eye, amongst their business partners and customers. We place high value on integrity and set a high standard to ethically sound, rule-consistent and legal conduct. With this Code of Conduct, we commit to our responsibility against our business and social environment and our employees.

1. Scope / Target

For a long while, special regulations and instructions for handling have applied at MSM as e.g. our Executive Rules (for executive staff, since 2003), our '10 + 5 Commandments', Social Media Directives, Company Agreements etc.; particularly for the shareholders, a code has been in force since 1993 which aims for 'clean' business activity in the long term.

With these regulations, ethical business conduct compliant with laws and regulations has been ensured at MSM, the good reputation and the confidence in the companies of MSMgroup have been maintained and the employees have been protected against possible risks and penalties for a long time. The present 'Code of Conduct' shall apply for the entire MSMgroup and fulfils the formal prescriptions for certifications. Practical changes of our proved business practice do not arise from this. The rights of third persons are not justified with the Code of Conduct and the other rules stated.

2. Applicable Law and Ethical Conduct

The applicable laws and regulations are to be respected, even if this might seem strategically or economically impractical or in case of contradictory instructions of a manager.

Each employee has to act in each task and business relations in a fair, respectful and trustworthy manner and to preserve and support the reputation of MSMgroup. Each employee is obliged to respect human rights. Each form of unjustified discrimination whether for reasons of race, ethnic origin, age, religion, ideology, gender, sexual identity, marital status, disability or other characteristic is to be omitted and is not tolerated in MSMgroup.

Any form of child labour or forced labour is prohibited as well as working conditions or treatments that violate international laws and customs.

3. Environmental Protection

MSMgroup is aware of the scarcity of resources and the responsibility towards future generations. Therefore, we deal with resources in a responsible and moderate manner and develop and manufacture products with high resource efficiency and service life.

4. Protection of the Assets

Each employee shall protect the company's assets against misuse or loss. The company's assets may be principally used for commercial purposes only, unless private use is expressly permitted. Each employee shall protect the intellectual property of MSMgroup as e.g. patents, brands or knowhow against attacks or loss. The intellectual property of other persons is to be respected.

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5. Information

Trade secrets, inventions, other knowhow and other operational information shall be treated as confidential and protected from being disclosed to unauthorized persons. Employees having access to sensitive data and information must not make them available to third parties nor should they use them for purposes other than business. Business documents and media are to be protected against the unauthorized access by third parties. Personal data may be only collected, used and saved in accordance with the applicable data protection regulations.

6. Corruption, Bribery

Corruption and bribery are rejected for any business activity. We will abandon a deal and the achievement of internal goals, if this can only be concluded by violation of law.

Particularly, it is prohibited to:

- offer, promise or grant a personal, economic or other advantage to national or international officials for the execution or omission of an official act
- offer, promise or grant personal, economic or other advantages to employees or representatives of national or international companies
- have executed acts of corruption / bribery with the help of others, e. g. by relatives, friends, dealers, consultants or agents
- support illegal practices applied by other persons
- require or accept personal, economic or other advantages from business partners or their employees.

Exempt from this are gifts and invitations in the scope of business relationships with business partners which are in the bounds of normal business hospitality, custom and courtesy, appropriate in terms of type and extent and which do not violate legal regulations.

Offering or accepting of monetary gifts is expressly prohibited.

We do not sell products or services to countries or companies where it is identifiable, that they have an aggressive relationship with the free world and the free global economy.

7. Competition

MSMgroup is convinced of the quality and performance of their products as well as of their business practices which have been proven also from ethical points of view for a long time. We are committed to the rules of market economy and to a fair competition. This is also what we expect from our business partners. We make sure to observe the competition laws particularly to do not conclude any forbidden agreements of any kind.

8. Avoiding Conflicts of Interests

In principle, placing orders with related parties (e.g. spouses, life partners, relatives and friends) or to companies where such related persons have a decisive position or where they are considerably participated in or where they act as our negotiating partner must be previously reported to the management. Contractual negotiations are to be made neutrally.

9. Donations and Sponsoring

Donations are only given (restrictively), if the intentions of the recipients are obviously 'clean' and can be assessed directly by us. We make our money from selling goods and services which are of value for our customers. We support (in a limited but if necessary in an appropriate way) only what serves an ambitious demand of the society.

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10. Business Partners

MSMgroup works only with serious business partners acting in accordance with the statutory regulations and not using any illegal financial resources. Each employee must observe the laws against money laundering and to report any suspicions of money laundering immediately. In case of any uncertainty about the integrity of a potential business partner, respective information is to be collected before starting cooperation. In case of doubt, cooperation does not proceed.

In addition to the present Code of Conduct, MSM has signed the ZVEI – Code of Conduct (www.zvei.org) in the year 2015. We recognise these rules of conduct as equivalent to our own code and deem the use of ZVEI – Code of Conduct by our business partners as sufficient.

11. Signature of Contracts etc.

In general, contracts, agreements, etc. are to be signed according to the internal signature rule (usually four eyes principle).

12. Suspicion about Non-compliance with these Rules

In case of suspicion of non-compliance with these rules, employees can contact the management, commercial management, human resources management or the data protection manager for their assistance. Moreover, each employee has also the possibility to contact a trusted member of the works council. Then these persons will reconsider how the situation is to be evaluated and which measures are to be taken.

13. Implementation of these Rules

MSMgroup respects and attaches value to the compliance with this Code of Conduct. All employees are invited to respect and implement these rules. Acts which are incompatible with this Code are to be corrected immediately. Any violation is subject to disciplinary actions which may include even the immediate termination of employment and claims for damages.

Magnet-Schultz GmbH & Co.KG
In January 2018



Dr.-Ing. A.W. Schultz