



Compliance

Code of Conduct for the KHS Group



Filling and Packaging – Worldwide

Letter from the Executive Management Board

The KHS GmbH (KHS) is one of the leading manufacturers of beverage filling and packaging machines, lines and systems. The KHS is present in over 60 countries and our globally active employees come from a wide range of corporate cultures. In the past years, our company has successfully grown organically and through company acquisitions. This has intensified cultural diversity considerably.

Against this background, we deem it necessary with this Code of Conduct to lay down a corporate system of values and principles which shall serve all employees as a guideline for their conduct. In addition to ethical standards which we demand of ourselves, our Code of Conduct expresses that we wish to comply with laws and regulations at home and abroad which are valid for our business activities. The guidelines which complete and complement our Code of Conduct are available to all employees on the KHS Intranet.

We as the Executive Management Board of the KHS and the management of the subsidiaries will take particular responsibility as regards the propagation of values and implementation of the relevant principles.

The following Code of Conduct shall define and regulate valid minimum standards across the Group and demonstrate a commitment to the social responsibility of our globally operating company. However, not every possible situation which may occur in everyday business life can be presented. Rather, the Code of Conduct is regarded as a guideline to which the actions of all employees – irrespective of position and area of responsibility – should be geared.

We would ask you to make the following principles the criteria of your actions in order to guarantee the excellent reputation of our company and our services also in the future.

The process of implementation will be supported by Mr. Dr. Alexander Bach (Compliance Officer), who is acting by order of the Executive Management Board. He will be at your disposal whenever you entertain any doubt as to whether conduct is consistent with laws or our code, and confidentiality is always guaranteed. However, doubts should always first be discussed with direct superiors and, as far as possible, dispelled.

Please actively support us in implementing the Code of Conduct.

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Preamble

As an internationally active company, KHS observes the economic interests of various parties (including employees, customers, suppliers and shareholders). In this respect, KHS and its subsidiaries (hereinafter jointly referred to as 'KHS') have to pay regard to a wide range of social, political and legal framework conditions both at home and abroad. Even seemingly minor infringements of the law by employees, executives, board members or directors can substantially impair the reputation of the company and inflict considerable – also financial – damage on the company.

This Code of Conduct describes the values, principles and modes of procedure which guide the entrepreneurial conduct of KHS. The Code of Conduct reflects the objective of ensuring compliance with standards throughout the company and creating a work environment which is characterized by integrity, respect and fair and responsible conduct. This code applies to all KHS employees, board members and directors worldwide and its core statements are

- KHS stipulates explicit rules and conduct for dealing with business partners, employees, competitors, governments and authorities.
- KHS protects internationally recognized human rights, the safety and well-being of its own employees, the basic principle of mutual cooperation and equal employment opportunities.
- KHS uses internal monitoring systems to protect the company and to guarantee compliance with laws and internal regulations.
- KHS strives for constant improvement in the quality of products and services and stands for sustained environmental protection.
- KHS works actively against discrimination, exploitative working conditions and corruption.
- The executive managers and those persons of authority named in the letter from the Board are the contacts regarding clarification of issues and illustration of possible consequences in the event of non-compliance with this conduct guideline.

I. Compliance with applicable law

Compliance with all applicable laws and other legal provisions is the indispensable basis of all actions within KHS.

This Code of Conduct cannot deal with all legal provisions which the board members, directors and employees of KHS have to observe worldwide. The code only establishes a few essential principles for the responsible action of KHS including its employees, board members and directors.

All employees, board members and directors of KHS are obliged to familiarize themselves with the legal provisions applicable to their particular area of responsibility in the company and, in cases of doubt, to seek legal advice from the competent authorities at KHS.

II. Fair competition

It is in line with the business policy of KHS to support and encourage fair competition. In competition, the group relies on performance, customer orientation and quality of its products and services. The group complies with all applicable domestic, supranational and foreign anti-trust laws, the laws for the protection of intellectual property, here particularly the industrial property rights of third parties, and the law against unfair competition. KHS also expects its competitors, customers and suppliers to act in the same way. Price fixing or other illegal agreements with competitors are therefore forbidden as are agreements with competitors for the purpose of market allocation. Agreements which are illegal under anti-trust law may not be replaced by modes of conduct agreed with competitors or by arrangements within associations either.

All those persons assigned with the responsibility of managing a business or business unit are obliged to select carefully those employees who are to be entrusted with competition-relevant duties, inform them continuously about the prohibition of restraint of competition, monitor compliance with such prohibition through suitable measures and point out the serious legal consequences of infringements of anti-trust laws for both the company and the acting persons. Each and every employee and all board members and directors must be aware that infringements of the rules of competition are by no means in the interests of KHS and must therefore be avoided without exception. This also applies to compliance with laws for the protection of intellectual property and here in particular to compliance with the industrial property rights of third parties.

All business transactions must be documented in full and unimpeachably in accordance with regulations stipulated by law and also with those regulations applicable at KHS.

III. Corruption

KHS opposes corruption in business dealings both at home and abroad. This applies both to dealing with functionaries and representatives from politics and the judiciary as well as to dealing with board members, directors and employees of other companies. In connection with the activities of KHS at home and abroad, it is forbidden to promise or grant any personal advantages or benefits to board members, directors or employees of other companies, functionaries, political representatives or judges in return for preferential treatment.

The employees, board members and directors at KHS are not corruptible and do not benefit from their work – apart from the remuneration they receive from the company. Therefore they will not accept any gifts (except for the usual promotional gifts), invitations exceeding the usual standard practice (e.g. vacation trips) or other direct or indirect granting of undue advantages and will themselves refrain from granting such undue advantages to competitors, consultants, customers, suppliers, service providers and other business partners of KHS.

IV. Conflicts of interests

The official duties of all board members, directors and employees of KHS include avoiding conflicts of interests between their private interests (direct or indirect, or through related parties or businesses) and the interests of KHS.

The avoidance of conflicts of interests also requires that board members, directors and employees of KHS shall prevent even the impression of preferential treatment in business transactions with competitors, consultants, customers, suppliers, service providers and other business partners of KHS as a result of personal closeness to some of the persons mentioned. KHS does not make any direct or indirect donations to political organizations, political parties or individual politicians.

Examples of conflicts of interests are, among others, the private exploitation of business opportunities, property or employees of the company.

Conflicts of interest may also occur

- when becoming active as employee, board member, director, consultant or investor at competitors, consultants, customers, suppliers, service providers or other business partners of KHS (e.g. buyers or sellers of company shareholdings or their consultants) or
- in the case of private business relations with competitors, consultants, customers, suppliers, service providers or other business partners of KHS.

In cases of doubt, it is essential to call in the superior and/or disclose the potential conflict of interest and ask for the opinion of the responsible Compliance Officer (cf. item 12 below). In this regard, the interests of KHS always take priority.

V. International trade

For KHS, the legal provisions governing international business transactions relating to its products and services are binding. That is why the companies of KHS comply with all export and import prohibitions and official approval reservations applicable under national or international law.

VI. Fair working conditions

The commercial success of KHS depends to a high degree on its employees. The company is therefore committed to the principles of social responsibility. It is therefore in the interests of the company that fair working conditions prevail at KHS worldwide.

The requirement to create fair working conditions excludes all forms of discrimination of employees by virtue of their sex, sexual orientation, origin, skin colour or other personal features. KHS has made it a rule to devote particular attention to the equality of opportunities of minorities in the company.

KHS considers it its duty to be a social employer everywhere in the world and to treat its employees with respect and social justice. This implies compliance with all valid occupational health and safety provisions in order to ensure the safety of employees in the workplace. KHS also expects its employees to interact with their peers respectfully. Personal offenses or sexual harassment will not be tolerated.

VII. Loyal and transparent reporting

For KHS, honest and transparent reporting both within the Group and to the public is indispensable. All board members, directors and employees at KHS are therefore obliged to conscientious, truthful, loyal and timely reporting within the Group. Board members, directors and employees of KHS having to report to third parties (e.g. certified public accountants, investors, authorities and the press) must abide by the same principles. This is indispensable for the credibility of KHS when dealing with authorities, banks and in other business and social relations.

VIII. Safety and environmental protection

All KHS companies and employees must provide and ensure a safe and healthy work environment. The strict compliance with valid safety regulations and practices is an essential prerequisite. Employees are obliged to report breaches of these principles immediately. Any grievances must be redressed without delay.

KHS is constantly endeavouring to develop innovative and high-quality products and processes for its customers. In this regard, product safety has high priority.

KHS supports all efforts in terms of sustainability and in this context works closely with customers and suppliers. This applies particularly to the manufacture and use of our machines, lines and systems.

IX. Duty to observe secrecy

The knowledge and information acquired by employees, board members and directors during their activities for KHS, or acquired incidentally, are an essential element for the commercial success of the company and its subsidiaries. KHS invests substantial human and financial resources in the development of innovative products and services and in the know-how of its employees and suppliers. The protection of the innovations thus developed ensures the success of KHS in competition. Therefore they are an asset worthy of special protection.

All employees, board members and directors of KHS and its subsidiaries are obliged to prevent such knowledge and information which represents company or business secrets from becoming known outside KHS, for example through the unauthorized circulation of sensitive data in discussions with third parties or in trade journals. In addition, each and every employee who has access to such knowledge and information should ascertain the possibilities of such knowledge and information being suitable for acquiring industrial property rights.

Company or trade secrets of business partners of KHS must also be protected from unauthorized disclosure.

X. Data protection

Respecting the personality of our employees includes the protection of their personal data. Therefore KHS pays attention to compliance with the respectively valid data protection regulations and also demands this of its employees.

XI. Internal organization for compliance with and implementation of the Code of Conduct

The executive managers are called upon to actively promote the implementation of these guidelines. This includes ensuring that all employees assigned to them are familiar with the guidelines and implement and comply with them in practice. In addition, by means of careful and ongoing monitoring, the executive managers have to ensure compliance with the Code of Conduct and its implementation in business practice.

All employees of KHS must know that infringements of the Code of Conduct will by no means be tolerated and may result in consequences under service or labour law depending on the severity of the infringement.

If an employee has proof of a possible infringement of the Code of Conduct by himself or by another employee, this matter should also first be clarified in the respective work environment. If this does not prove possible, or if it seems inappropriate under the circumstances, each and every employee may contact the special officer (Chief Compliance Officer) responsible for monitoring the principles laid down in this Code of Conduct.

All questions, evidence and suggestions will be kept in strict confidence and investigated in a manner appropriate to the individual concerns. If desired, the employee will be informed as to how his/her information is being dealt with and whether, and if so which, measures are being taken.

No employee need fear any sanctions or disadvantages as a result of approaching his/her local contact person or the Human Resources Department at Central Headquarters.

XII. Compliance Officer contact details

Here are the contact details for the Compliance Officer on Code of Conduct issues:

[Dr. Alexander Bach](#)

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