

SMT Scharf Group Worldwide Code of Conduct

Management foreword

Dear colleagues,

Our corporate goals describe the values that we share, as well as the way that we work with each other, both now and into the future. These goals give us a clear vision that we are all responsible for working towards in order for our company to achieve sustainable success.

This goal is something that we can only achieve together. This is reflected in our fundamental motto: "We are a team". Our values, such as personal responsibility, openness, transparency and compliance with legal and ethical requirements are crucial.

For the first time, we have taken the fundamental rules and principles that guide us in our conduct now and in the future and summarized them in this Code of Conduct. It offers guidance and applies to us all equally, from the members of the board of directors and supervisory board, through management down to every last employee. It sets the bar for our conduct and represents a pledge of responsible conduct to our external business partners, the public at large as well as internally to our colleagues.

We are all joined in bearing responsibility for our company's reputation. The misconduct of even a single individual can cause serious harm to us all.

This is why we ask you to read this Code of Conduct carefully and to let it guide you in your day-to-day conduct.

This Code of Conduct applies to all SMT Scharf AG subsidiaries worldwide, as well as their affiliated companies (collectively "SMT Scharf"), as well as all SMT Scharf employees and management (collectively "SMT personnel").

1. Applicable laws and this Code of Conduct

One of the most important rules for all SMT Scharf employees is that we always - and without any exceptions - observe all applicable laws and regulations, both of our home countries, as well as of any other countries in which we operate.

Given that laws applicable to certain situations will often be difficult to ascertain, this Code of Conduct contains rules which are applicable to all SMT Scharf personnel - in addition to the applicable laws - in everything that they do for the company.

These rules are aimed at satisfying the strictest legal requirements as well as meeting the ethical expectations of not only our business partners, but also our own expectations as a responsible corporate citizen. In the event that a provision of this Code is inconsistent with an applicable law, the relevant country's legislation will prevail over the provisions of this Code.

While this Code of Conduct covers a wide range of issues that are relevant for our daily work, it is not exhaustive. There are various other regulations and restrictions that apply to aspects of our operations and conduct not covered by this Code and that vary from country to country.

If SMT Scharf personnel ever have any questions regarding required conduct under applicable laws or this Code of Conduct, these questions can always be referred to SMT Scharf's compliance officer, Dr. Philip Seel (e-mail: compliance@smtscharf.com) who can provide advice.

2. How we treat each other

SMT Scharf personnel treat each other with respect. SMT Scharf does not tolerate sexual harassment, violence, intimidation or bullying at work. SMT Scharf expressly acknowledges the UN Declaration of Human Rights. SMT Scharf personnel never discriminate on the basis of age, sex, religion, ethnicity, descent or any other basis. SMT Scharf embraces personnel from many different countries and accepts these people's different lifestyles and cultures, as well as those of all countries in which we operate.

3. How we treat our customers and suppliers

SMT Scharf treats its customers fairly and objectively, and always observes principles of fair competition.

Suppliers are selected on the basis of objective criteria and in SMT Scharf's interests. In this respect, SMT Scharf has a particular focus on suppliers' quality, punctuality and reliability, as well as prices; in addition to this, suppliers' corporate social responsibility and employment conditions play an important role.

4. Commercial compliance; tax and transfer pricing

In principle, SMT Scharf only engages in commercial activities which fall within our regular operations. Where there are local restrictions in relation to areas of activity in which we are permitted to engage, they must be complied with strictly.

SMT Scharf always observes all applicable tax requirements and pays all taxes payable in full and on time. Without taking away from the general applicability of the previous sentence, SMT Scharf also does what it can to take maximum advantage of available legal possibilities to minimize the payment of avoidable taxes.

When SMT Scharf group companies in different countries engage in business with each other, the transfer pricing laws of the relevant countries must be observed. Tax and customs declarations should always state the correct value of goods in accordance with the fair market value.

5. Zero-tolerance policy for corruption

SMT Scharf observes principles of fair competition and the integrity of public administration. We are aware of the fundamental importance of these values to our economy's - and our business's - ability to function properly. Accordingly, SMT Scharf does not tolerate corruption in any form.

Corrupt conduct exposes not only the SMT Scharf personnel engaging in such conduct, but also the company as a whole to significant legal risks and consequences, including fines which can threaten the company's continued existence and long prison sentences for the individuals involved.

SMT Scharf will respond to any corrupt practices by SMT Scharf personnel with all available legal measures in order to restore the company's integrity. These measures may include dismissing the relevant employees without notice and damages claims. This is a no exception policy and applies even if the SMT Scharf personnel in question thought that they were acting in SMT Scharf's interests e.g. in

order to secure a contract.

Corruption includes offering unlawful advantages (bribes) of any kind to representatives or employees of customers, other business partners or public authorities in order to win a contract, secure a public permit or any other advantage for the company. The acceptance by SMT Scharf personnel of unlawful advantages from business partners also qualifies as corruption.

The following sections of this Code of Conduct provide concrete instructions on how to handle the most common situations - however, they should always be checked and verified on a case-by-case basis. If there is any doubt, you should always consult SMT Scharf's compliance officer before offering or accepting any advantages.

5.1. Offering advantages

Any offer of advantages to our business partners can constitute bribery and therefore be illegal if the advantages in question go beyond what is customary, are generally inappropriate in terms of their qualities or are otherwise offered with the intention of unfairly influencing the recipient's decision-making. In this regard, the type of the advantage is irrelevant, as is whether it is offered directly or indirectly via a third party.

Depending on the situation, money, material gifts, travel invitations, invitations to seminars or restaurants, procurement of a job or internship for the other party's family members, sexual benefits or supporting an application for a visa can all be examples of such unsuitable advantages.

The only kinds of advantages that should be offered are ones which do not go beyond what is customary in business, generally inappropriate in terms of their qualities and will not lead to any unfair influence over the business partner's decision-making, For example invitations to suitable business lunches or dinners or small promotional gifts.

The following provisions contain detailed conduct guidelines for some of the most relevant cases of advantage and advantages. Please note that such a list can never be exhaustive. The general principles laid down here should be taken into account in each individual case.

5.1.1. Gifts and monetary payments

Allowable gifts are limited to small, common promotional gifts and should bear the SMT Scharf logo, e.g. ballpoint pens, calendars or baseball caps. Please see section 5.3 below for information on offering gifts and other advantages to public authorities or holders of public office.

Monetary payments and equivalent gifts such as shopping vouchers are always to be viewed as prohibited advantages.

The section on gifts under SMT Scharf's travel cost guidelines only sets out limits on gifts under the applicable German tax regulations, however it is possible that the limits for bribery may, in certain cases, be lower. In addition to this, repeated small gifts to the same recipient may be cumulatively viewed as a larger gift and become problematic due to their total value.

5.1.2. Entertaining and meal invitations

Entertaining and meal invitations in a business setting must be organized suitably. The maximum

amount that may be spent will vary depending on the occasion for the invitation, the position of the invitee and local prices. For details please refer to page 13 of the General Travel Cost Guidelines.

5.1.3. Invitations for business trips

Invitations for business trips paid for by SMT Scharf are not usually problematic as long as they are business-related and necessary, for example presentations on-site at a location where one of our company's products is being used for the invited party or when direct meetings are required for product development.

In this regard, such events should only be organized in the pursuit of legitimate goals. It would be particularly impermissible to include extensive tourist activities in such business trips. Activities that are unrelated to business must be of a subordinate duration and significance. They must not represent more than one third of the duration of the trip and should be organized such that they support the work being carried out or to balance out time differences during travel. For example, it is permissible to visit attractions located close to where meetings are being held on the weekend during long meetings or to fill a half day after arriving from an intercontinental flight or filling short time slots where meetings could not be organized. Under no circumstances may cash be given to the invitees during the trip.

These guidelines regarding the organization of business trips should be discussed in advance of the trip with those traveling in order to avoid them from accepting the invitation with false expectations.

Even if no travel expenses are covered, an invitation for a trip abroad that is not business-related can be an offer of an inappropriate advantage if the invitation allows the invitee to apply for a visa which he or she otherwise could not have been granted.

Trips which are not business-related, such as going to golf tours, visiting sporting or cultural events or other "incentives" are strictly prohibited.

The foregoing principles equally apply to entertaining while on business trips. They also apply accordingly to accommodation during trips; the accommodation must be appropriate in light of the purpose of the trip, the individuals' ranks and the local accommodation situation.

The compliance officer should be provided with a copy of the detailed plans for business trips for which SMT Scharf extends invitations, as well as information on the planned accommodation, in advance of the trip.

5.1.4. Carrying out seminars and training courses

Like business trips and business-related entertaining, the carrying out of seminars and training courses is, in principle, not legally problematic, as long as the seminars or courses serve business-related purposes, they do not go beyond what is common in general practice, and are not misused to offer improper advantages.

For example, evening programs when carrying out a seminar or training course, or holding any other event at an attractive tourist destination that is not related to the subject are unacceptable, especially if the event is free of charge for the participants.

The compliance officer should be provided with a copy of the detailed plans for seminars and training courses, including any costs borne by SMT Scharf, prior to the event.

5.1.5. Dealings with companies in which customers, suppliers or public officials are directly or indirectly involved

Inappropriate advantages must not be offered directly or indirectly. Awarding contracts to companies in which customer employees or their close relatives have an interest in order to secure an order from the same customer generally constitutes bribery, as the customer employee and/or his or her relative(s) will eventually benefit from the contract awarded to the company.

These kinds of issues are particularly critical when working with state-owned companies whose internal compliance control mechanisms are often insufficient. However, these kinds of situations can also occur in relation to other business partners.

In such cases, approval should be sought from the compliance officer prior to placing the orders in question.

5.1.6. Hiring relatives of customer/supplier employees or public officials

SMT Scharf selects its employees exclusively on the basis of their individual professional qualifications and always pays remuneration in line with market standards for the relevant position. The fact that a candidate is related to an SMT Scharf customer or supplier employee or with a public official from an authority which is relevant to SMT Scharf's activities is not a reason to refuse that candidate's application.

However, hiring such a person may be deemed to be an indirect offer of an inappropriate advantage to the customer/supplier or the public official if the person in question would not have been hired if they had not had the relevant connection. This will obviously be the case where an SMT Scharf customer's procurement officer asks for a paid internship for his or her child in Germany even though the child is not suitably qualified for such an internship, cannot perform services commensurate with the expected salary and could not have attained such a position as an intern without the parent's intervention. Such candidates must not be hired.

Where such relatives are hired on the basis of their professional qualifications they should receive a regular salary and must not work on processes directly related to the company or state authority for which their relative works.

Approval should be sought from the compliance officer prior to hiring any relatives of customer or supplier employees, or public officials

5.1.7. Donations and sponsoring

Even donations and sponsorships can qualify as indirect, unlawful advantages, for example, when the beneficiary within the organization receiving the donation or sponsorship is also an employee or representative of a customer, other business partner, government body or other state institution. This could be the case, for example, where a donation to a charitable organization supports an event which a customer procurement officer would like to run as a member of the organization in order to boost his or her social position within the organization.

Express, prior written approval must be sought from SMT Scharf management in relation to each individual grant of a donation to charitable organizations or any sponsoring activities. With respect to sponsoring activities, written contracts must be concluded with the recipients of the sponsorship setting out precisely what SMT Scharf's obligations are and what SMT Scharf's entitlements are in exchange

for its sponsorship.

5.2. Acceptance of advantages and benefits

Trustworthiness and loyalty to the company are important values. Employees must not receive advantages or benefits that are unsuitably high. They must not be of such a nature as to affect recipients' decisions e.g. in relation to the awarding of a contract to the supplier who offered the benefit. Even small gifts with a relatively low value may be unlawful or even give rise to criminal offenses if they carry an expectation of receiving something in return.

In this context, the general rule is that small gifts with a value of under EUR 35 may be received from a business partner over the course of a calendar year.

Employees should also inform their superiors about such gifts if there is any uncertainty about whether they are acceptable promotional gifts such as ballpoint pens or hats bearing the business partner's logo.

If in doubt, a useful rule of thumb can be to ask oneself whether knowledge of the receipt of the gift would affect the company's reputation or that of the persons involved.

5.3. Dealing with government bodies and holders of public office

Under no circumstances must SMT Scharf or its personnel request conduct, permits or other advantages from personnel of government bodies or holders of public office which are not permissible under the applicable laws. With respect to dealings that are legal, SMT Scharf and SMT Scharf personnel must never make payments or offer anything to government bodies or holders of public office that go beyond the regular applicable public fees.

Gifts (even small ones) and other benefits to government bodies and the holders of any public offices are, as a rule, prohibited. Express, prior written approval must be sought from the compliance officer in any situations which do not fall under the following sections 5.3.1 to 5.3.4.

5.3.1. Dealing with employees of state-owned companies

Employees of state-owned companies should be treated the same as holders of public office. The provisions of section 5.1 of this Code of Conduct also apply to SMT Scharf and SMT Scharf personnel in their dealings with employees of private companies: advantages may only be granted if they are business-related, not unusual and do not represent a risk of improperly influencing the beneficiary.

5.3.2. Dealing with members of ruling political parties, in particular in one-party states

Some countries are governed by political parties with such extensive power and influence that the functionaries of these parties are equivalent to de facto holders of public office within the meaning of German law, even if they do not hold any official office. The general prohibition on any form of unofficial payments also applies to such party functionaries. This applies, in particular, but not exclusively to the Communist Party in China.

5.3.3. Dealing with trade unions

Some countries such as China grant trade unions and their functionaries administrative powers similar to those of state authorities. In such countries, trade unions and their functionaries should be treated like state authorities and holders of public office. If there is any doubt, no benefits or advantages should be offered.

5.3.4. Dealing with unjustified claims from representatives of government bodies, in particular in emergencies

Sometimes, some government bodies may retain fees, keeping them for themselves and distributing any surplus amongst their employees or even deciding promotions on the basis of fees generated. This can lead to situations where government bodies claim official fees, fines or other payments without there being a sufficient legal basis and which, from an economic perspective, equate to private payments to the holders of office.

In order to protect SMT Scharf from the risk of unjustified claims, such payments should be avoided to the greatest extent possible, e.g. by appealing or requesting a review of the decision. You should always consult with SMT Scharf management and the compliance officer to determine how to respond in each individual case.

The only time when this does not apply is if there is a member of SMT Scharf personnel is in immediate danger and where state assistance e.g. from the local police can only be attained by making special payments to the local police or - as a last resort - individual members of the police or security force. Following the resolution of the emergency, you should consult with SMT Scharf management and the compliance officer to determine how to proceed.

6. Engaging agents and working with distributors

There is a particularly high risk of corruption when it comes to engaging agents who receive a commission from SMT Scharf for securing contracts. Agents generally receive a considerable payment when a deal is closed; if no deal is closed, they do not receive any payment. This means that agents, more so than sales employees, may be tempted and financially in the position to secure orders by promising customer representatives inappropriate advantages.

For this reason, agents must never be engaged without a detailed written agreement. Agents may only be engaged if their activities are objectively necessary for the company, the selected agent is sufficiently qualified to carry out the engagement legally and if the agent accepts to be bound by this Code of Conduct in the performance of work on behalf of SMT Scharf. The agent's activities for SMT Scharf should be monitored and documented on an ongoing basis. The amount in commissions paid to the agent should be proportionate to the agent's costs and commercial risk. Commission payments to agents may only be made if there are no indications that the agent has engaged in unlawful conduct. Under no circumstances must the agent be engaged with a view to creating slush funds for use in offering unsuitable advantages.

Distributors who buy SMT Scharf products on their own behalf for resale generally pose a lower compliance risk than agents, as SMT Scharf cannot generally be held responsible for their conduct. However, the appointment of distributors must not be misused to circumvent the provisions of the Code of Conduct applicable to agents. Where distributors work closely with SMT Scharf employees on individual projects, such that SMT Scharf is directly involved in securing an order from the end

customer for the distributor, the appointment of the distributor and its conduct will be subject to the same rules that apply to agents.

7. Engaging advisors and other service providers

Like agents, advisors and other service providers may only be engaged if their activities are objectively necessary for the company, the selected service provider is sufficiently qualified to carry out the engagement legally.

Especially when it comes to areas which are particularly corruption-sensitive, such as activities representing the company before authorities that issue permits or in legal proceedings and organizing travel and seminars, the service provider must agree to be comply with the requirements of this Code of Conduct in performing his/her/its activities.

8. Accuracy of financial reports and archiving of business records

All expenditure and income must be completely and correctly recorded in accordance with the applicable legal provisions. Expenditure for unsuitable advantages must not be disguised as regular business expenditure in records.

Data and documents regarding SMT Scharf's activities must be archived for a period of at least 10 years such that they can be consulted at any time.

9. Confidential information, data protection

SMT Scharf personnel work with sensitive information which is subject to special confidentiality obligations, partially based on legal requirements and partially due to customer-specific obligations, for example information relating to business partners, customers, suppliers, employees, trade secrets and information subject to non-disclosure agreements (e.g. With customers or suppliers). SMT Scharf treats such information with the necessary care and marks data accordingly where this is indicated.

Personal information may only be collected, processed and used in accordance with the applicable legal regulations. Third parties may only be engaged to carry out data collection and information research if it can be ensured that the data collection and information research are only carried out using legal sources.

10. Insider trading

Insider trading regulations prohibit the use of insider information to achieve direct or indirect personal gain when buying or selling financial instruments, as well as the disclosure of such information to others. Insider information includes all non-public information regarding the issuer of financial instruments, including publicly traded companies such as SMT Scharf, if that disclosure could have a significant effect on the price of these financial instruments, i.e. which is material to investor decision-making on whether to buy or sell such financial instruments. Information regarding potential acquisitions, strategic alliances, financial results, new products, problems with products or significant contracts are examples of such information.

SMT Scharf personnel who, through their work at SMT Scharf, have access to insider information

regarding SMT Scharf or other listed companies must not buy or sell shares in those companies, nor pass on such information to others. "Others" include family members, partners and other SMT Scharf personnel who do not have knowledge of this information through their own work at SMT Scharf. This prohibition applies until this information becomes publicly known or is no longer able to influence the price of the relevant financial instruments.

Prohibited insider trading can attract serious penalties, including long prison sentences and high fines for the company.

11. Conflicts of interest

Under their employment agreements with SMT Scharf, all SMT Scharf personnel are under an obligation to protect SMT Scharf's interests in all of their work-related actions.

Conflicts of interest arise in situations in which there is an intersection between SMT Scharf's interests and the private interests of SMT Scharf personnel. Examples of such conflicts of interest might be:

- Processing job applications of a relative or close friend of a member of SMT Scharf personnel;
- Awarding contracts to suppliers owned by relatives or close friends of a member of SMT Scharf personnel.
- Sales of SMT Scharf products to companies owned by relatives or close friends of a member of SMT Scharf personnel.

In such situations, the member of SMT Scharf personnel must report the conflict of interest to his or her superior and must not decide on or process the matter personally.

12. Company property and intellectual property

All SMT Scharf property, including tools, materials and office materials may only be used for the company's purposes. For insurance reasons and to prevent unnecessary wear and tear, company property must not be used for private purposes or removed from SMT Scharf premises. This does not apply to use in the regular course of business, for example when tools and replacement parts are required for on-site repairs at a customer's premises or to cell phones and computers for personal use.

SMT Scharf intellectual property includes patents and other results of product development, business documents, confidential product know-how, customer and supplier address lists and other trade secrets, and any software or trade marks developed by or for SMT Scharf. Even if such intellectual property does not exist in tangible form, it is of critical importance for SMT Scharf's continued success and is, in many cases, of considerable financial value. All SMT Scharf personnel must protect SMT Scharf's intellectual property. In particular, trade secrets must not be disclosed to third parties and SMT Scharf intellectual property must never be used for own purposes e.g. the establishment of a competing business.

13. Environmental protection, workplace health and safety, children and forced labor

SMT Scharf expects and demands environmentally responsible decisions and conduct. SMT Scharf observes the applicable environmental regulations and government requirements, continually supporting improved environmental protection to the extent commercially possible. SMT Scharf observes the occupational health and safety regulations.

SMT Scharf expressly supports the UN Declaration of Human Rights and the prohibition of child and forced labor that it contains. In addition to this, SMT Scharf demands that all of its global suppliers observe European occupational health and safety standards and child labor standards.

14. Working condition and work permits

SMT Scharf only employs people on the basis of a written employment agreement or who are engaged by SMT Scharf through an authorized temp agency.

People who regularly work under SMT Scharf's authority for extended period of time without being hired from a temp agency are not engaged as independent contractors, but as employees on the basis of a written employment agreement (no false self-employment).

All SMT Scharf personnel, in particular those who are not nationals of the country in which they work, are responsible for ensuring that they hold all necessary residence and work permits and that they comply with all registration obligations for the duration of their employment with SMT Scharf. SMT Scharf supports all SMT Scharf personnel in apply for the necessary residence and work permits or any extensions or renewals thereof.

15. Antitrust law

SMT Scharf observes the applicable competition and antitrust law. It does not engage in price fixing or other kinds of collusion. It does not enter into cartel agreements or any other anti-competitive agreements relating to customers, distribution territories or the like.

16. Consequences and contact

SMT Scharf personnel are under an obligation to report any suspicions of unlawful conduct or conduct which is in breach of this Code of Conduct by other SMT Scharf personnel or agents or other service providers acting for SMT Scharf to our compliance officer ... without delay. All such reports are treated confidentially.

If it is established that SMT Scharf personnel has breached SMT Scharf's corporate principles, SMT Scharf will take suitable measures to prevent further breaches.

SMT Scharf reserves the right to make use of measures under employment law, including immediate dismissal and, if necessary, suing SMT Scharf personnel for damages where they have breached the Code of Conduct or the applicable laws.

17. Validity and application

This Code of Conduct applies to all SMT Scharf personnel from the date of its disclosure. Online compliance courses and other training activities will be offered at regular intervals. The compliance officer will also monitor compliance with the Code of Conduct at regular intervals. Subject to consultation with the compliance officer, this may also be carried out by other departments e.g. controlling or external service providers.