

Annex 3:
Regulation (policy) – Section 14 Code of Conduct
“Business partners outside the Hidrostal Group”

1. The general rule according to the Code of Conduct

In accordance with Section 14 of our Code of Conduct, we strive that our business partners outside the Hidrostal Group, in particular customers, resellers, sales representatives, agents, etc., also comply with our Code of Conduct, the accompanying regulations (policies) and our other corporate principles to the extent that we are able to influence this.

2. Concrete measures to achieve the goal

We achieve this goal by taking the following measures, among others, and by observing the following principles:

- The Hidrostal Group regards itself as a single corporate entity with all its Group companies, whether these are directly or indirectly controlled, fully or majority owned. By “business partner” we mean persons outside the Hidrostal Group.
- We inform our business partners about our Code of Conduct and the accompanying regulations.
- We do not allow our business partners to violate our Code of Conduct on our behalf or in our alleged interest. For example, sales representatives and agents must also adhere to our guidelines in connection with the prevention of corruption and bribery; and our business partners must adhere to our guidelines on working conditions, environmental protection, etc.
- When selecting our business partners, we make inquiries and verify the integrity of potential candidates to the best of our knowledge and belief. Periodic checks are carried out on contract partners who are particularly exposed to risk.
- As far as possible, we use “model contracts” with our business partners, in particular with sales representatives and agents, in which we extend the principles of our Code of Conduct to our contractual partners, e.g. in order to prevent corruption and bribery.
- In our contracts, we review and set down which decisions are to be taken by the company itself and which decisions can be taken locally by our sales representatives and agents (allowing and restricting our business partners’ scope of action).
- In contracts with our business partners, in particular sales representatives and agents, the appropriate compensation for their services is determined by criteria which are customary at the location in question. In the event of unusually high fee demands, our business partners must provide written proof of the additional work they have had to perform (or will have to perform in the future). If sales representatives and agents violate our compliance principles, the contracts will be terminated immediately. This possibility of immediate termination has to be stipulated in the respective contracts,

likewise that such termination does not lead to penalty payments from our part.

- As far as we are able, we monitor sales representatives and agents to ensure that the rules of conduct are correctly observed. In particular, we ensure to have monitoring rights in the case of particularly risk-exposed contractual partners as well as the possibility of investigating excessive claims or suspicions of unfair actions (e.g. measures ranging from written enquiries through to on-site inspections, including the viewing of accounts/documents). In doing so, however, we acknowledge and allow for the fact that our business partners are independent legal entities which are also subject to individual responsibility.
- If we have concrete indications that our customers are in contravention of our company principles, we take measures appropriate to the situation (e.g. talks, attempts to improve the situation, declarations/guarantees issued by the customer, delivery stop as ultima ratio).

3. Ambiguities, questions and/or information

In the event of ambiguities, questions and/or information, employees may contact their superior, the management or the Board of Directors. Such communications may also be made anonymously or with a request for confidentiality.

1. January 2020

Hidrostal Holding AG