SHARING COMPETENCE

Pfannenberg
ELEKTROTECHNIK FÜR DIE INDUSTRIE

At the regular Executive Board meeting held on May 27, 2021 the Management Board of Pfannenberg Group Holding GmbH adopted the following

COMPETITION COMPLIANCE POLICY

and

COMPETITION LAW GUIDELINES

that apply to Pfannenberg Group Holding GmbH and its subsidiaries ("Pfannenberg").

COMPETITION COMPLIANCE POLICY

Pfannenberg believes in competition. This is why we comply with all relevant laws and regulations, including competition law.

Therefore, every person working for Pfannenberg is expected to act in strict compliance with competition laws. Pfannenberg will take the measures necessary to enable its employees to follow this policy. These measures are part of Pfannenberg's wider Competition Law Compliance Programme.

Pfannenberg will evaluate on infrequent intervals whether the measures are effective in promoting and achieving compliance with competition laws.

The Competition Compliance Policy and the Competition Law Guidelines are effective as of the day of their adoption by the Executive Board of the Pfannenberg Group Holding GmbH. Upon adoption they become binding on all companies comprising Pfannenberg. The Competition Compliance Policy and Competition Law Guidelines will be made public on www.pfannenberg.com in German and English.

Andreas Pfannenberg
CEO

Dr. Tobias Merl
CIO

Jan Möbius
COO

COMPETITION LAW GUIDELINES

Every person working for Pfannenberg Group Holding GmbH or its subsidiaries ("Pfannenberg") is obliged to act in conformity with the law. This includes the duty to comply with competition law, often also referred to as antitrust law.

Pfannenberg strives for free and fair competition and expects from every person working for Pfannenberg to act in strict compliance with competition laws.

Violations of competition law can have dramatic consequences for Pfannenberg, its employees, and its management. Corporate fines and compensation for damages frequently reach levels that have a strong impact on the economic performance of a company or even endanger its' existence. In many countries employees and management face fines and imprisonment for competition law violations.

The objective of these Competition Law Guidelines ("Guidelines") is to assist Pfannenberg employees in complying with competition law by describing the most common situations in which competition concerns arise, by guiding employees away from conduct that could create an appearance of competition law concerns, and to enable them to identify situations in which they should seek advice.

All employees are required to report any violation of competition law of which they become aware to their superior or the Executive Board Assistance Office at Pfannenberg's Headquarter in Hamburg. If an employee is uncertain or has questions or concerns (for example how to act in a specific situation or whether a competition law violation may have occurred), it is essential that the employee consults a superior or the Executive Board Assistance Office at Pfannenberg's Headquarter in Hamburg and asks for guidance.

1. Key principles

Competition laws apply two prohibitions: Companies may not enter into any form of information exchange or agreement that may restrict competition (cartel prohibition), and companies may not abuse their market power (abuse prohibition). The key principles to guide Pfannenberg's employees are therefore:

- Never coordinate prices or other sales terms with competitors.
- Never discuss or agree market-sharing activities, such as coordinating bids or dividing geographic areas.
- Treat as confidential all information that may be misused to prevent free competition, such as future prices, costs and tender documents.
- Always check the legality of any proposed exclusive agreements and any agreements with similar effects.
- Never abuse a dominant position in the market in order to lock in customers, block competitors, or otherwise foreclose the market.

2. Contacts with competitors

Information that is sensitive for competition, as a rule, must not be exchanged between competitors. It is not relevant whether or not this exchange amounts to an agreement. Neither is it relevant whether this exchange is made in a personal meeting, by telephone, in a video conference, by e-mail, via short message services or social media, openly or secretly, expressly or tacitly, in a business or private environment.

In principle, all information which is indicative of a company's future market behavior and which is therefore suitable for reducing the competitors' uncertainty about market developments is sensitive. In particular, this includes information relating to the specific business activities of a company, e.g.

- its current or future prices/price components and other conditions vis-à-vis customers,
- the identity of these customers,
- current and planned production capacities and output quantities, sales figures,
- revenues, profits, cost for procurement and personnel,
- purchasing terms and conditions,
- information on corporate strategies (e.g. with regard to the intended pricing policy, geographical expansion, development of new customer groups), marketing plans, risks, investments,
- information on bids (whether in the case of formal invitations to tender or less formally structured bidding processes).

The inadmissibility of an exchange of such information with competitors does not depend on whether it is reciprocal or remains unilateral, whether it involves more than two competitors or whether it takes place on a regular basis. Even the one-time receipt of information by a competitor may eliminate uncertainty to a relevant extent and thus restrict competition.

The following list gives an indication of what to do and not to do.

DO NOT

- discuss or agree on price fixing, timing of pricing changes or other terms and conditions (e.g. delivery periods, transportations conditions, payment periods, warranty provisions) on which Pfannenberg does business,
- discuss or agree that one company will not compete with another with respect to certain customers, products or territories,
- discuss or agree on joint action designed to fix or manipulate the evolution of market shares,
- discuss or fix quotas on output or sales,
- discuss or agree the boycott of any customers, competitors or suppliers,

- discuss or agree to limit or control any investment or technical development,
- disclose or seek access to confidential or other unpublished business information (such as prices, surcharges, costs of production or distribution, profitability, strategy, business and marketing plans, product development plans, information on customers).

DO

- avoid contact with competitor unless you have a legitimate reason for it,
- carefully consider whether information is commercially sensitive and therefore confidential,
- refuse to engage in any form of discussion with a competitor who is looking to obtain confidential information or business secrets from you,
- respond to anti-competitive offers or suggestions by making clear that Pfannenberg does not wish to be involved in any potentially anti-competitive activity,
- if a competitor starts discussing any of the items listed above under "DO NOT", always state that you cannot discuss such matters and terminate any conversation on those items,
- make a note that records the purpose of the contact; ensure that meeting minutes show that the meeting had a legitimate purpose and was not used as a forum for an exchange of sensitive information,
- if you receive unsolicited competition-sensitive information from a competitor, inform your superior or the Executive Board Assistance Office and ask how to proceed, record from whom, when and on what occasion you received the information (if technically possible this should be noted on the piece of information received),
- inform your superior or the Executive Board Assistance Office immediately if you think that you have been contacted by a competitor with an attempt to restrict competition.

3. Association activities

Particular care is required in relation to participating in industry associations, marketing associations, and other industry gatherings ("Associations"). Although it is perfectly legitimate for companies to participate in Associations these offer a forum for contact with competitors and consequently create the risk of anti-competitive exchanges of information or agreements. For all activities within or connected with Associations (at whatever level, i.e. general meetings, committee meetings, working groups, board meetings, supervisory board meetings, etc.,) the Guidelines set forth above under No. 2 ("Contacts with competitors) apply. In addition, the following must be observed:

DO

- obtain approval before joining any Association,
- obtain approval to join the board or any decision-making body of an Association,
- make sure that an agenda is prepared in advance of any meeting,
- check the agenda (including any preparatory documents sent) before the meeting to ensure that it does not raise competition law concerns; unclear or ambiguously worded items on the agenda ("Miscellaneous", etc.) should be avoided or clarified in advance of the meeting
- take care that the agenda is strictly complied with, i.e. that only the topics indicated on the agenda are discussed,
- if during the meeting you encounter a behaviour or a discussion that may pose a competition law problem, address this immediately in the meeting; should your concerns not be taken seriously insist that the behavior or discussion be stopped and that any further discussion requires a compliance assessment by Pfannenberg; should the discussion not be stopped leave the meeting and ask that you leaving the meeting and the reason for doing so are recorded in the minutes of the meeting,
- ensure that minutes are prepared by the Association and are distributed to you,
- after the meeting check the minutes of the association, your own notes, documents and statistics distributed, if in doubt whether they might contain competition-sensitive information, contact your superior or the Executive Board Assistance Office,
- apply the same principles in discussions with competitors outside formal Association meetings, e.g. during coffee and meal breaks or accompanying social events or occasions.

DO NOT

- participate in any Association gatherings where any of the subjects are discussed that are not permitted (see above 2. Contacts with competitors),

- exchange commercially sensitive information (such as market shares, cost factors, etc.),
- use the Association as a body to take decisions which would not be allowed if taken by a company or a group of competitors,
- implement any Association resolution – whether or not Pfannenberg was involved in or even supported such decision – which may violate competition law.

4. Relations with suppliers, distributors and customers

Agreements with suppliers, distributors and customers for the purchase and sale of goods or services can contain restrictions of competition that violate competition law. The following arrangements – be they made in writing or otherwise – can be problematic:

Resale price maintenance ("RPM")

RPM, as a rule, is prohibited. That means a supplier may not impose on its buyers, distributors, or dealers a minimum or fixed resale price. Therefore,

- never dictate the price at which the buyer should re-sell the products or services, neither a price level, fixed maximum level discounts, fixed distribution margins, or any other economic means to achieve the same result,
- do not threaten resellers with economic disadvantages and do not exercise pressure in the event that they do not achieve a certain price level, especially do not delay or suspend deliveries or threaten with the termination of contracts,
- do not promise or reward resellers for their complying with a specific price level, for example by linking discounts or promotional cost repayments to maintaining a particular price level.

Recommended resale price ("RRP")

It is allowed to give a non-binding price recommendation for resale prices. However, a RRP must remain legally and factually non-binding in order not to amount to an RPM (see the guidance in the paragraph before).

Territorial and customer restrictions

Restrictions that limit the buyer as to which customers or into which territory the goods may be resold pose a competition law risk as such restrictions are allowed only under certain conditions. Before you enter into an agreement that restricts the buyer's resale in specific territories or to certain customers, you must consult with the Executive Board Assistance Office that may consult legal advice through our legal partners.

Exclusive purchasing

If a customer agrees to purchase more than 80 % of its demand of products from Pfannenberg such agreement needs prior approval by the Pfannenberg Executive Board Assistance Office that may consult legal advice through our legal partners.

5. Abuse of market dominance

Companies with a dominant market position are prohibited from abusing their position to stifle competition. A company has a dominant position if it can act independently of the reactions of other market players. A company is at risk of being considered to be in a dominant position if it has a high market share (40 % or more). Other factors such as the number and size of competitors on the market, barriers to entry and buying power are also important.

Should Pfannenberg hold a dominant position in a relevant market its employees may not use these powers to exploit customers or to drive competitors out of the market by non-competitive means. This means that you must not:

- discriminate between similar customers or suppliers by applying unequal treatment, unless there is an objective justification for doing so,
- refuse to provide services or to supply products without any objective justification,
- charge unjustifiably high prices which may exploit customers,
- charge unjustifiably low prices, i.e. prices below average variable costs, that may drive competitors out of the market,
- offer unjustifiably high bonuses to customers that will result in prices below average variable costs,
- tie the sale or purchase of a product or service on the buyer's purchase of another product or service that is not related the other product or service,
- impose exclusivity for terms longer than necessary or usual.

6. Communication and use of language

Be careful about the language that you use, whether in papers, e-mails, text messages or conversations. It is important not only to comply with the law but also not to create any documents that give a misleading impression that you are engaging in an illegal activity. Perfectly legal behaviour can become suspicious because of a poor choice of words.

You should follow these guidelines:

- Do not speculate on whether an activity is legal or not.
- Keep accurate notes of all meetings with competitors.
- Avoid strong or suspicious wording, such as

  "This will enable us to dominate the market"

  "We have virtually eliminated the competition"

  "Destroy or delete after reading"

  "Do not copy, take no records"

  "This is off the record"

  "We will dominate the market"

  "fix prices, control prices"

  "agree on the right margin"

  "control, stabilize the market"

  "eliminate from market"

  "smash, destroy competition, "boycott"