

# **Code of Conduct of the Masterflex Group**

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Dear colleagues,

Our company, Masterflex SE headquartered in Gelsenkirchen, is an international group of companies (hereinafter "Masterflex Group"). Founded in 1987, the company is the specialist for the effective global development and production of high-quality connection and hose systems using innovative high-tech plastics.

The areas of application for our high-tech hoses and connector systems are very broad and not limited to specific industries. Mechanical engineering, the aeronautic and automobile industries, energy companies, manufacturing and processing foods and pharmaceutical products, and the medical field: our products can be used in a variety of segments. The many potential application areas, coupled with expertise in the processing of high-end plastics, enable us to provide solutions that would otherwise be inadequate, unsustainable or impossible with conventional materials. We deal with the entire process chain, from the application of materials, through the development of our own manufacturing processes with self-



constructed machinery, right through to the production and distribution of products. The main growth engine for the Masterflex Group is internationalisation and innovation in developing new applications. Today, the Group has more than ten companies, which conduct local activities in multiple countries and continents.

The company has devised a mission statement for its corporate culture and the self-image of everyone who works on its behalf. Accordingly, we are always working to maintain our image as a reliable partner to our business associates. Our customers appreciate our dedication and our wealth of ideas. We actively support processes that use resources sparingly, thereby making our contribution to a clean environment. Company management and employees at our sites around the world are firmly committed to complying with all legislation while maintaining a consistently high quality standard.

Obeying all laws that entail financial penalties, the rules for following these laws within the company, and ethically sound, value-oriented business activities are collectively known as "compliance". The Executive Board, the Supervisory Board, the entire management staff and all employees of the Masterflex Group undertake to comply with all legal provisions and

internal policies. This obligation is part of our self-image in line with the Masterflex Group's company mission.

For this reason, the Executive Board has passed this Code of Conduct. The Code applies to all Masterflex Group facilities around the world. It will help you identify legal risks and avoid violations.

We ask that you read through this Code of Conduct carefully and make it a firm basis for your actions. By doing so, you will make an invaluable contribution to the success of the Masterflex Group today and in future.

Gelsenkirchen, January 2014

**Dr Andreas Bastin**

- Chief Executive Officer -

**Mark Becks**

- Chief Financial Officer -



*The Executive Board of Masterflex SE – Dr Andreas Bastin (l) and Mark Becks (r)*

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## **1. Responsible, legal conduct**

Responsible, legal conduct is firmly anchored within our company and is the cornerstone of our long-term corporate success.

The Masterflex Group lives up to its ecological and social responsibility. With its values and fundamental convictions, the Masterflex Group has placed its corporate culture on a foundation of trust, mutual respect and tolerance.

This Code of Conduct pertains to the observation of applicable legal regulations. The Masterflex Group takes all of the required measures to ensure legal conduct of its executive bodies, managers and employees. The sum of these measures is known as compliance.

Applicable laws are the binding framework for the Masterflex Group's wide range of business activities. Therefore, it is necessary for all employees to know and comply with the legal obligations that are relevant to them. This is part of the Masterflex Group's public image and fosters trust in its products and brands. This trust is the basis for our corporate success.

Legal violations can have serious disadvantages for the company, such as in the form of fines or claims for compensation of damage. There is also a potential loss of reputation, which could seriously impede the Masterflex Group as a provider of premium products, system solutions and services. Frequently, even the mere impression that the law has been violated can cause the public and our customers, shareholders and business partners to form a negative opinion of the company.

The Masterflex Group offers its products and services around the world and operates facilities in various countries. Its global activities are subject to a wide range of national and international legal provisions.

By observing applicable legal provisions, all employees are acting in the corporate interests of the Masterflex Group. Legal bans and obligations must be observed, even if it may seem impractical or economically inefficient from a personal or company standpoint. In cases of doubt, legality always takes precedence, and every employee can rely on this principle. This is true regardless of any instructions that a manager might give.

This Code of Conduct illustrates the spectrum of relevant legal conditions for all Masterflex Group employees and emphasises their binding nature. The principles set forth in this

document apply to interactions with all colleagues, customers, suppliers, business partners and government agencies.

The Code of Conduct applies worldwide to all facilities and all business units of the Masterflex Group. Local compliance programmes can be launched to meet additional business or country requirements.

## **2. The legal framework: an overview**

### **2.1. Products, services, customers and markets of the Masterflex Group**

The Masterflex Group's products are developed and manufactured in accordance with our quality management systems. We monitor our products on the market and investigate any safety-related reports. If needed, we communicate these immediately and take all measures necessary to protect our customers.

In the competition for customers, we allow the compelling nature our products, services and expertise to speak for itself.

The quality of our sales organisation is just as critical to the success of our products, solutions and services.

Therefore, the legal provisions are also the basis for contractual relationships between the Masterflex Group and its customers, sales partners and other business associates. In particular, measures that constitute, or could promote, price fixing are not permitted.



The international activities of the Masterflex Group are subject to export, tax, and customs laws.

A variety of export, tax and customs laws must be complied with for our global activities and when cultivating new markets. The responsible authorities ensure that withholdings and taxes are not illegally avoided and that our duties of cooperation are not violated. To do so, they must have correct information from the company.

The foundation of a trust-based customer relationship is the careful handling of our customers' information and data in conformance with legal and contractual requirements, such as data protection laws and banking confidentiality. In line with the applicable

regulations, we inform our customers in a clear and straightforward manner about the products we offer.

We confirm the identity and legitimacy of our customers not only to combat money laundering, but also to protect our own interests.

## **2.2. The Masterflex Group and its competitors**

Corporate success requires action under fair competitive conditions.

The Masterflex Group is committed in full to the principles of a market economy and fair competition. We pursue our corporate goals exclusively according to the merit system and in line with the applicable competition regulations. We expect the same of our competitors and business partners. Agreements that restrict competition are forbidden.

The Masterflex Group competes with other manufacturers and providers not just in the sale of high-tech hoses and connection systems and service performance, but also in the development of new products and the procurement of primary materials. In all cases, the most important rule of antitrust law is this: no market-related agreements with competitors, particularly regarding prices, bids, terms of sale, production programmes, sales volume or market share.

It does not matter whether the issue is an agreement or an informal discussion – even outside official events. Any form of deliberately acting in concert is illegal if it results in a restriction on competition. Even the mere impression of a violation must be prevented.

Special caution must be exercised when attending association conferences and other industry meetings. The opportunities these meetings present to meet and communicate cannot be used to share confidential market and company information and influence market developments. The same applies to sharing information as part of market research and benchmark projects. The economic freedom of all partners must be guaranteed throughout our supplier networks.

Violations of competition and antitrust laws can have far-reaching consequences, such as financial penalties or imprisonment, high fines, loss of profits earned and claims for liability under civil law. At the same time, this area is especially subject to difficult interpretation and judgment questions that require precise knowledge of official agency practices and case

law. For questions about competition laws, the Compliance department should always be consulted.

### **2.3. Safety at the workplace**

Occupational safety and health management take top priority at the Masterflex Group.

Occupational safety and health regulations must absolutely be observed to avoid health hazards. Occupational safety is not a trivial issue. It is an obligation for every one of us. Management serves as a role model in this regard.



We plan and operate our systems in strict compliance with safety regulations. This allows us to reduce the risk of accidents while ensuring smooth operations of the facilities. The responsible managers perform their operational responsibilities and corporate duties. They ensure that employees working on equipment have been carefully selected and trained.

Every employee is required to apply all safety regulations, consistently and with due care, in their own area of activity. At the same time, all employees monitor their colleagues' safety practices and advise them of their obligation to comply where needed.

### **2.4. Environmental protection**

The Masterflex Group takes responsibility for the environment.

Sustainable business practices are the only path to long-term success. Environmental laws provide the Masterflex Group with binding standards. The responsible employees and managers are aware of their particular responsibility to ensure environmental protection. Environmental regulations are critical during the entire life cycle of our products.

### **2.5. Data protection**

We firmly adhere to data protection laws.

Using innovative information technologies results in many questions related to control over one's personal information; we consider this information to be a valuable asset. The



Masterflex Group fully accounts for data protection when handling personal data from its customers, employees and business partners. Personal information is collected, processed or used only if permitted by law or the affected party has given consent. We are committed to the principles of storing only the minimum amount of personal data required and to transparent data processing.

## 2.6. Mutual respect and ban on discrimination

The employees of the Masterflex Group are the company's number one success factor.



Dedicated, skilled staff members are what set the Masterflex Group apart. At the same time, everyone is respected as an individual. Accordingly, we treat others with respect, mutual understanding, an open mind and fairness. Discrimination and harassment will not be tolerated.

No one may be discriminated against, be granted advantages, or be harassed due to his or her ethnicity, skin colour, nationality, gender, religion or creed, disability, age, military services, sexual orientation or other legally protected status. For this reason the Masterflex Group advocates federal programs that serve to overcome the consequences of past discriminatory practices.

Sexual harassment and other forms of workplace harassment are absolutely prohibited. Everyone deserves protection from harassment. It does not matter whether offenders consider their conduct to be acceptable or if the affected parties can withdraw from the situation. All managers serve as role models and must ensure that the workplace is free from discrimination and harassment. These managers perform a corporate duty in this regard as well.

## 2.7. Safeguarding company values

*Innovations and brands must be protected.*

Innovations and the sum of our knowledge and experience are the basis for designing and manufacturing appealing products and services at the Masterflex Group. To secure our advantage in the competitive arena, these innovations and skills must be protected from imitators to the best possible extent.

In the area of technology and design, the Masterflex Group uses the legal options to protect innovations by way of intellectual property rights (patents, design samples, brands). The technical departments rely on information from all employees about innovations in a wide range of areas.

During product development and prior to the launch of new designs, we are required to carefully research existing copyrights and use them only upon consent of the owner.

*Personal responsibility in handling confidential information*

When collaborating with suppliers, development partners, other manufacturers, dealers or other business partners, protecting confidential information, knowledge and trade secrets is very important.

All employees are required to use data and information made known to them in a professional context only within the defined framework. When sharing information inside or outside the company, they must confirm whether the recipient is entitled to the information. This also applies, for instance, to industry reports used for sales by the Masterflex Group companies. Depending on the significance of the information, additional security measures must be taken, such as confidentiality agreements or audits.

We value and protect confidential information from others to the same extent. We do not use third-party knowledge unless it is permitted by law or is accessible to the general public.

*Intellectual property must be valued and protected.*

All employees are responsible for the protection and proper use of intellectual property and other corporate assets of the Masterflex Group. Working materials and other company property (such as tools, replacement parts, office supplies, documents, computers, data storage media) can be used only for business purposes. They must be protected from loss, theft, damage and misuse. No employee can remove company property from the premises without permission.

*Information technologies require special security awareness.*

Electronic data processing is an invaluable part of our infrastructure. Manipulation of IT systems could interfere



with production facilities or distribution processes. All employees are required to observe the protective regulations enforced by the IT officials and to actively ensure they are complied with. For instance, e-mail attachments, downloads from the internet and files on storage media cannot be opened or installed without a scan.

## **2.8. Conflicts of interest, gifts and invitations**

Compliant conduct means that every employee must carefully separate their personal interests from the company interests.

The Masterflex Group requires that its employees avoid situations that could cause personal conflicts of interest. If there is a potential conflict of interest, employees should consult their manager or the Compliance department.

Business relationships can be initiated or maintained only based on factual criteria, e.g. quality, price, technological standard and reliability of the business partner. Commercial and personnel decisions, consulting services and recommendations by Masterflex Group employees cannot be based on personal interests and relationships, nor motivated by material or immaterial benefits. Even the impression of non-objective treatment must be avoided.

The Masterflex Group does not tolerate corruption.

Employees of the Masterflex Group cannot accept or demand, offer or grant any personal advantages in connection with their business activities.

The ban on granting or accepting advantages applies not only to direct financial benefits, but also other benefits such as invitations and gifts that could compromise professional independence. Thus, financial and other allowances that exceed customary and acceptable business practices must be refused.

“Customary and acceptable” means only symbolic gifts, such as those for special occasions or promotional items. The same applies to business meals under customary and acceptable conditions that serve a justified professional purpose. When accepting or granting benefits, all employees must observe the limits of customary and acceptable practices. For benefits with a higher value, employees must first obtain permission from their manager in charge.

We instil confidence in our business partners through our products and services, not through unfair advantages. Therefore, gifts and invitations are given to business partners

only within a reasonable limit and in compliance with tax regulations. To avoid improper influence, for instance, sales brokerage commissions cannot be disbursed without prior agreement or without documentation of an actual transaction. The amount of the commission must be suitable and typical for the market.

Special caution must be exercised with government officials: civil servants, judges, politicians and other representatives from public institutions cannot be given gifts, allowances or invitations that could compromise their independence and that are illegal.

## **2.9. Transparency for capital investors**

Transparency fosters trust on the capital markets.

When it comes to financing its global activities, the Masterflex Group relies on the trust of its investors. In order to earn this trust, the company must provide transparent financial reporting and equal treatment for all capital investors.

Masterflex SE's stock listing creates numerous obligations for financial reporting. Accordingly, the Masterflex Group uses its financial reports and analysts' events to provide clear and reliable information about company data and facts related to the capital market. For instance, it also publishes information if persons with management duties conduct transactions with the company's own securities, known as director's dealings.

The Executive Board members must ensure that the financial reporting is accurate. This is based on a wide variety of information from all corporate areas. Thus, all employees concerned must ensure the accuracy and completeness of their input. The Masterflex Group's managers perform a corporate duty in this regard as well.

Ban on insider trading: insider knowledge requires special confidentiality and discretion. Employees with confidential information that could significantly influence the Masterflex share price are considered insiders. They cannot share insider information with colleagues or third parties. Exceptions are permitted only if colleagues need this information for a specific project. Under no circumstances can insiders use their special knowledge for their own transactions, whether conducted personally or via a third party. This means, for instance, that an



employee must forgo private stock transactions for as long as he or she has insider knowledge.

Price-related corporate information must be published immediately. To meet the ad hoc reporting obligations, Masterflex SE conforms to the legal guidelines. All employees of the Masterflex Group are required to inform their managers if there are indications that a particular situation could significantly affect the share price.

## 2.10. Interacting with government agencies

Collaboration with government agencies is based on mutual trust and respect according to the applicable rules of procedure.

The Masterflex Group endeavours to have a cooperative, transparent relationship with all relevant agencies and other official organisations. At the same time, we set store by complying with legal procedures for investigations and other official agency activities. Following the rules of procedure is an important and legitimate part of the Masterflex Group's interaction with



government agencies. To protect these rights and foster dialogue, for instance with regulatory and investigative agencies, the employees of the Masterflex Group are required to involve the Compliance department and/or the Executive Board of Masterflex SE.

## 3. Implementing the Code of Conduct

All employees must comply with applicable law.

All Masterflex Group employees are required to comply with this Code of Conduct. It is not sufficient merely to take note of it. Rather, all employees must review their conduct in light of the above principles and align accordingly.

All managers must ensure compliance with this Code in their area of responsibility.

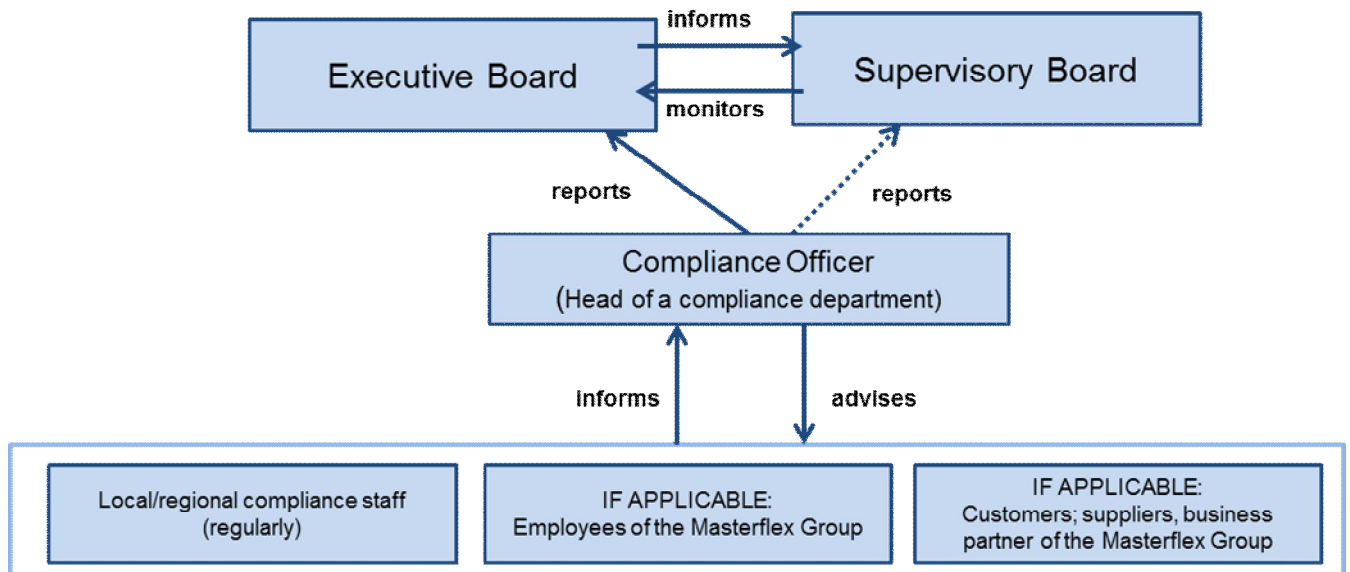
All managers are required to raise awareness among their employees about the content and significance of this Code of Conduct. They will help their employees to act within the law to the best of their abilities. If there are any indications of illegal conduct, these must be investigated. Managers must take the initiative to regularly review the compliance with applicable laws and discuss these issues with employees. This is the only way to ensure that the principles in this Code are practiced every day and remain a fixed component of our corporate culture. Thus, the managers have a particular corporate responsibility.

Employees and managers must know and observe the Masterflex Group policies.

The policies of the Masterflex Group largely specify applicable law. They also provide supplemental, internal rules. The policies of the Masterflex Group are binding for all employees and managers. Everyone is obliged to learn about the policies applicable to their areas of activity.

The Masterflex Group will not tolerate legal violations by its employees.

Intentional legal violations by employees can result in sanctions under labour law, including termination of the employment relationship. If legal violations cause damage or loss, this can also result in personal liability on the part of the employee. Fines or penalties may also be imposed.



*The Masterflex Group's compliance reporting structure*

The Compliance officer of the Masterflex Group is in charge of the Compliance department and reports directly to the Executive Board. The employment contract of the Compliance officer grants him/her a special independent status that includes confidential treatment of information.

The Masterflex Group's Compliance department controls and monitors the required activities to comply with this Code. These activities include: training, information and communication measures, investigating legal violations and implementing compliance requirements. The Compliance officer reports regularly to the Executive Board about investigations performed, known violations and sanctions, and preventive measures by the specialist departments and other compliance issues. In particularly critical situations, the Masterflex Group Compliance officer reports not only to the Executive Board but also directly to the Chairman of the Supervisory Board. The Executive Board informs the Supervisory Board on a regular basis about all company-relevant compliance issues, particularly about the status quo, function of the compliance measures and serious violations.

All company areas report regularly to the Compliance officer. All employees of the Masterflex Group are required to actively participate in compliance reporting.

Additionally, there is an external, independent and legally trained ombudsman, the Compliance attorney. This person is not subject to direction from Masterflex Group management.

The Compliance attorney and Compliance department answer questions about the Code of Conduct.

To prevent legal violations, all employees can also speak to their managers and the responsible specialist units of the Masterflex Group. They can also contact the following compliance contacts for more information:

Compliance department:

Tel.: + 49 209 97077-10

E-mail: [office@groupcompliance.info](mailto:office@groupcompliance.info)



Compliance attorney (external):

Prof. Stefan Siepelt

Tel.: + 49 221 55400 130

E-mail: [hotline@groupcompliance.info](mailto:hotline@groupcompliance.info)

Information about legal violations or risks of legal violations can be reported to the Compliance attorney, the Compliance department, any manager, the Executive Board members or the Chairman of the Supervisory Board. The same applies if any weak points or other situations are identified that could indicate a legal violation.

Compliance with and implementation of this Code will be monitored regularly throughout the Masterflex Group. The observation and implementation of this Code will be subject to regular review. For this purpose, documents will be reviewed, employees interviewed and walk-throughs conducted.

For better legibility, we have avoided gender distinction. The terminology in this document applies to both genders in the interest of equal treatment.