

LPKF Compliance Code

- Guidelines for Lawful and Responsible Conduct of LPKF-Group -



Content

Foreword	03
1 Introduction	04
2 Social Responsibility	06
2.1 Responsible, Ethical and Lawful Conduct	06
2.2 Mutual Respect, Honesty and Integrity	07
2.3 Management	08
2.4 Donations, Sponsoring and Charity	09
2.5 Environment and Technical Safety	10
2.6 Occupational Safety	11
3 Interaction with Business Partners and Third Parties	12
3.1 Fair Competition	12
3.2 Export Controls /Money Laundering	13
3.3 Conflicts of Interest	14
3.4 Gifts, Entertainment, Invitations	15
3.5 Insider Transactions	16
4 Handling Data, Trade Secrets and Business Assets	17
4.1 Data Protection and Data Security	17
4.2 Protection of Expertise, Patents, Company and Trade Secrets	18
4.3 Company Assets	19

Foreword

Dear Employees,

As a company operating globally, LPKF is responsible to its customers, employees, shareholders and the public. Being a good corporate citizen includes obeying applicable laws at all times and everywhere, respecting ethical principles and pursuing sustainability. Each of us must exercise this responsibility, from the Management Board and executives to each individual employee. This Compliance Code provides a framework for all LPKF Group employees and is intended, among other things, to help us adhere to and consistently implement the corporate values defined in the strategy paper in our daily activities. It outlines possible areas of risk and conflict and lays down guidelines for conduct. Naturally, this type of Code cannot claim to be complete and answer all of the questions arising in our day-to-day work. This document is therefore supplemented with specific statutory regulations, Group policies and agreements in employment contracts. In cases of doubt, commonsense decisions based on our fundamental values should always be made. Please familiarize yourself with the contents of this Compliance Code and apply it in your day-to-day work.

Management Board

Garbsen, 20.10.2017

  
Kai Bentz Bernd Lange Dr. Ing. Christian Bieniek

Chairman of the Group Works Council

Garbsen, 20.10.2017


Dirk Bäcker

Compliance Code
Responsible.: GCW

Valid since: 2017.10.20

1. Introduction

Guideline for Employees

The Compliance Code is binding for each individual LPKF employee. Non-compliance with the Code can cause considerable harm to both our company and our employees as well as to our business partners. Violations of the Code are not tolerated. Since violations of the Code in most cases are also violations of generally applicable law, they can have consequences under employment law, result in claims for damages under civil law and even lead to penalties under criminal law.

Implementation and communication of these guidelines and monitoring of compliance are the particular responsibility of LPKF Group executives. They must exemplify integrity through their conduct as well as ensure that the employees who report to them understand the requirements of the Code and possess the resources necessary for complying with the Code. Ultimately, employees who ask questions or express concerns must be taken seriously and supported. Competencies, responsibilities and processes of the Compliance organization within LPKF group worldwide are additionally regulated in Compliance guidelines.

Any employee with doubts, questions, or suggestions can contact

- Supervisor
- Works Council at European sites
- Compliance Manager Ulrike Thoms-von Meding (+49 5131 7095 - 1386) or compliance@lpkf.com
- Human Resources-Compliance, Herr Ralf Heller, Tel. +49 5131 / 7095 1340 or Ralf.Heller@lpkf.com.

Moreover, contact persons for cases of sexual harassments can be designated at the sites. These contact persons will be communicated via notice boards and via Intranet.

In addition, within the remit of the Group works council, a Compliance Commission comprising site management, one member of the site works council and the Compliance Manager and empowered to make recommendations is additionally consulted in cases of doubt in interpreting this Code.

Furthermore Mr. attorney-at-law Dr. Carsten Thiel von Herff, Bielefeld, is available as independent external attorney-for-trust via phone +49521 / 55 7 333 0, via mobile +59151 / 58 2 303 21 or via e-Mail vertrauensanwalt@thielvonherff.de. Details are regulated by "Guidelines for Whistleblowing Management".

2. Social Responsibility

2.1 Responsible, Ethical and Lawful Conduct

Applicable law forms the binding framework for the business activities of the LPKF Group. We sell our products and services worldwide and have sites in several countries. Our global activities are therefore subject to a wide variety of country-specific and international laws. All employees are required to be familiar with and categorically comply with the legal prohibitions and duties relevant to them and their responsibilities. By complying with the statutory regulations, employees act in the interests of LPKF as a company. Lawful conduct always takes priority in cases of doubt: This is a principle that every employee can rely on.

Moreover, LPKF also complies with, promotes and protects ethical principles. These include regulations aimed at protecting human rights in particular. Deep respect for the dignity and personality of each individual is a fundamental requirement in this respect. Violations of these principles and regulations can cause serious negative consequences for LPKF, such as fines and claims for damages or damage to the company's reputation.

- **We always comply with applicable law and adhere to ethical principles.**

2.2 Mutual Respect, Honesty and Integrity

LPKF's diverse workforce is a valuable part of our corporate culture, and each individual employee contributes to our company's success. That is why all employees at LPKF should be able to grow and develop freely and be offered equal opportunities. Employees are hired and promoted exclusively on the basis of their professional accomplishments and interpersonal skills.

Interpersonal relationships must be based on tolerance and respect for the personal dignity, private life and personal rights of each individual. Discrimination or harassment in any form will not be tolerated. Any form of respectful exchange and discussion is encouraged and should be considered unobjectionable as long as the business climate of the company remains undisturbed. However, discrimination or harassment of any kind will not be tolerated. This applies in particular to harassment of a sexual nature and any and all forms of bullying, stalking or coercion.

These rules apply to partnerships within the company as well as outside of it. In addition, we are mindful of being reliable and keeping promises. All employees are called upon to act responsibly and conscientiously on behalf of the Group.

- We treat people within and outside of the company with respect.
- We undertake to preserve the dignity of each individual and refrain from any type of discrimination.
- As employees, our conduct is politically and religiously neutral, and in particular we avoid any political or religious extremism and do not place anyone at disadvantage, whether due to their race, ethnic origin, gender, religion, worldview, disability, age or sexual identity.

2.3 Management

At LPKF, executives must set an example and earn the respect of their employees through their exemplary personal conduct, performance, openness and social competence. All managers set clear, ambitious and realistic goals, lead by trust and provide their employees with as much personal responsibility and freedom as possible. They are available to employees to discuss professional and personal concerns.

Our executives are expected to acknowledge and reward excellent performance. All employees should feel valued, have the ability to develop personally and professionally and enjoy their work.

Our cooperative culture is driven by the fact that we put the goals of the Group as a whole first. To this end, our thinking extends beyond division or country borders.

- As managers, we are responsible for the employees entrusted to us.
- We are one Group, and this is our guiding principle.

2.4 Donations, Sponsoring and Charity

As good corporate citizens, LPKF supports selected non-profit organizations and causes with cash and in-kind donations and through our sponsoring activities. In order to avoid conflicts of interest or the appearance of impropriety, each donation must be approved in accordance with the dual-control principle. Donations may not be made in exchange for specific services, decisions or as consideration for such a decision.

- We are aware of our social and societal responsibility and donate to selected organizations and causes.
- Donations are made and sponsoring activities conducted only as part of a transparent approval process.

2.5 Environment and Technical Safety

Protecting the environment and conserving its resources are high-priority corporate goals. Environmentally friendly design, technical safety and protection of health are essential parameters as early as the development phase of our products.

Thanks to innovative technologies, our machines improve efficiency in a wide variety of production processes. Moreover, distinctive ideas contribute to optimizing processes and thus reducing costs and conserving raw materials. We use materials and resources (e.g., water and energy) responsibly and frugally. That is our contribution to environmental protection.

By acting conscientiously and carefully, we continuously set ourselves new quality goals. In this way, we ensure the continual improvement of our high-quality products and advance their technical safety.

- Environmental protection means more to us than just complying with the law. We use materials and resources responsibly and sparingly.
- We comply with all legal and technical product-safety requirements and standards.

2.6 Occupational Safety

Ensuring the health and safety of our employees at work is among the top goals and action items in our company's social and occupational health and safety policy. In order to prevent health risks, on-the-job accidents and work-related illnesses, occupational health and safety regulations must be followed. All employees are responsible for their own health and safety and for that of their co-workers, and are required to inform their co-workers and supervisors of any unsatisfactory situations or problems. This responsibility applies in particular to supervisors.

We continually update our occupational health and safety activities in line with our corporate goals. For this reason, we have introduced an occupational health and safety management system at the production sites.

- We pay attention to workplace safety and adhere to all applicable safety regulations at our respective workplace.

3. Interaction with Business Partners and Third Parties

3.1 Fair Competition

Competition can only flourish if it is free and fair. It promotes efficiency, economic development and innovation. For this reason, any situation questionable in light of competition and cartel law must be avoided – for the benefit and in the interests of all consumers. Consequently, we explicitly take care to avoid agreements and coordinated plans of action with other companies that aim for or effect an unlawful restriction of competition. Also prohibited is abusing a dominant market position in which, for example, customers are treated differently without an objective justification or unreasonable purchase or sale prices are enforced.

Moreover, we do not disseminate false information about the products and services of our competitors and do not attempt to gain an unfair edge over the competition in any other way.

All employees are obligated to comply with the rules of fair competition, because anticompetitive conduct can not only damage the good reputation of LPKF, but also result in serious fines and penalties.

- We compete fairly. We point out the advantages of our products and services without discrediting competitors.
- We are committed to the fair treatment of our customers and suppliers.

3.2 Export Controls/ Money Laundering

LPKF ensures compliance with all regulations pertaining to the import and export of goods, services and information to appropriately and comprehensively address the risks of crossborder trade with respect to security issues. Business relationships should only be maintained with serious customers whose activities comply with the statutory regulations and whose funds are obtained from legitimate sources. In order to avoid money laundering of any kind, we value transparency and clarity in payment transactions.

- We review our customer information and adhere to export restrictions.
- We eliminate all opportunities for money laundering.

3.3 Conflicts of Interest

Preventing our employees from experiencing conflicts of interest or loyalty in the course of their professional duties is a high priority. Conflicts such as these can arise when employees obtain impermissible personal advantages from their positions or when they maintain separate business relationships with competitors, customers or suppliers of LPKF. This also applies to business relationships of employees' family members. As a rule, all situations in which conflicts of interest could arise must be avoided. In addition, all employees are obligated to inform the Management Board or the relevant business or site management about all relationships that could lead to conflicts of interest.

- We avoid situations that could lead to a significant conflict of interest or loyalty.
- We base our business decisions exclusively on objective criteria and do not allow ourselves to be influenced by personal interests or relationships.

3.4 Gifts, Entertainment, Invitations

LPKF's goal is to build robust and long-term business relationships based on an attractive price-performance ratio. For this reason, we do not allow our business decisions to be influenced by the giving and acceptance of gratuities such as gifts, entertainment or invitations. Likewise, we do not influence our business partners. To the extent that such gratuities and advantages are kept within appropriate limits, they are considered legally permissible customer care and are not objectionable. However, when such gratuities exceed appropriate limits and are misused to influence business partners, they can constitute corruption. A rule of thumb for an appropriate limit is a maximum of €40.00 incl. VAT. Business meals are not objectionable as long as they fall within the range acceptable in the respective country.

If it is appropriate or necessary to give a gift or extend an invitation (or receive a gift or invitation) in the course of business activities, this is acceptable in principle as long as

- any appearance of corruption or impropriety is avoided,
 - the respective supervisor has been informed, and
 - it has no inappropriate effects on the type and duration of the business relationship.
-
- We do not permit gift giving, invitations or donations to influence our business decisions or those of our partners.

3.5 Insider Transactions

Inside information is information about a listed company or its securities that is not publicly known and can influence stock price. Examples are non-public profit forecasts, risks of loss or business information. Using this confidential information to acquire or sell securities is prohibited, as is unauthorized transfer of such information to co-workers or third parties.

In order to avoid even the mere appearance of a violation of insider rules, members of upper management (Management Level 1) and Group employees whose jobs or functions provide them with access to not-yet published business results are generally not permitted to conduct transactions with LPKF securities in the 30 days prior to publication of quarterly or annual financial statements. As a rule, information that could affect the company's stock price must be treated as confidential and kept secret.

- [We adhere to the laws concerning insider trading and the guidelines for handling inside information about our company and other companies.](#)

4. Handling Data, Trade Secrets and Business Assets

4.1 Data Protection and Data Security

The advantages of electronic communication go hand-in-hand with risks to personal data protection and data security. Effectively preventing these risks is key to IT management, executive duties and the conduct of each and every individual.

The right of individuals to be informed about the use of their personal data and to request any necessary correction, deletion or blocking of such data must be guaranteed without exception. A high standard must also be guaranteed in the course of technical and organizational protection against unwarranted access, unauthorized use or misuse, loss or premature destruction of data. This means that when confidential data and information is transmitted, stored or archived, channels and facilities may only be used if they provide sufficient protection against unauthorized access and alteration.

- We treat personal and company-related data as confidential and may not transmit it outside the company.
- We are mindful of IT security and adhere to the applicable IT security guidelines.

4.2 Protection of Expertise, Patents, Company and Trade Secrets

As a highly innovative technology company, we are aware of the importance of intellectual property in technology and design. It is the source of material assets and significant competitive advantages for LPKF. Thus, it is all the more important to properly protect our own intellectual property, which we secure with a comprehensive innovation management system and by applying for industrial property rights (patents, design patents, trademarks). At the same time, we address the restrictions on the use of protected works by third parties by obtaining the corresponding licenses from the rights owners.

In general, information (our own as well as that of our business partners), expertise, and trade secrets that are identified or identifiable as protected information must be treated as confidential and kept secret. This includes details concerning the organization of the company and its facilities; business, manufacturing, research and development processes; and internal reporting figures.

All employees are obligated to use data and information of which they become aware on the job exclusively within the permitted parameters and to review whether the recipient is authorized to receive such information when transmitting it inside or outside the company.

The non-disclosure obligation is applicable both during and after the end of employment at LPKF.

- We do not disclose confidential information about our company, or our products and services.
- We respect the intellectual property of competitors and business partners.

4.3 Company Assets

LPKF provides its employees with the equipment and supplies required to efficiently perform their duties and relies on employees to use these resources responsibly and frugally. Using them for illegal or unethical purposes is prohibited. Under no circumstances may information be obtained or transmitted to others via the company's IT infrastructure if it instigates racial hatred, glorifies violence or encourages other crimes to be committed, or if its content is sexually offensive in terms of the respective culture.

- We handle the company's property responsibly and use it exclusively for the intended purpose.
- We protect the company's assets and inventory and ensure that they are used for legitimate business purposes.

LPKF Laser & Electronics AG Osteriede 7, 30827 Garbsen, Germany,
including all affiliates of the LPKF Group, Phone: +49 5131 7095 0 FAX: +49 5131
7095 90, www.lpkf.com

Compliance Code
Responsible.: GCW

Valid since: 2017.10.20