Uzin Utz Group COMPLIANCE

COMPLIANCE GUIDELINE

Uzin Utz Group

Compliance Guideline

Dated: July 2019

1. Introduction

A workforce of 1.268 employees[1] and a turnover of 345.7 million euro (2018) make Uzin Utz Group a leader in developing and manufacturing products and machinery for flooring installation. Constant change while maintaining sustainable development: this is how we can best describe what began in 1911 and distinguishes Uzin Utz Group today. Over more than 100 years, a small regional manufacturer of adhesives has developed into the world's only full-range supplier of flooring expertise. Uzin Utz Group offers a comprehensive range of products, systems and services for all aspects of installation, renovation and maintenance of any kind of floor covering - all developed and produced in-house. Uzin Utz Group therefore supports contractors, trade, designers and architects in all matters concerning flooring – including subfloor preparation, installation, varnishing and even maintenance and care.

The enterprise has subsidiaries in major markets around the globe and is represented in 47 other countries besides Germany. The Group's clear focus on its core competence of flooring is unique throughout the world. In doing so, Uzin Utz Group is positioned on an international level to meet the demands of a global economy.

Along with this outstanding position in the market, which is not only to be maintained, but also consistently developed, the level of responsibility Uzin Utz Group has towards business partners, shareholders, Employees, and also the general public continues to grow.

In order to live up to this high aspiration in the context of an increasingly difficult regulatory setting, this Compliance Guideline and the Rules of Conduct based on it aim to provide not only legal, but also ethical guidance. The Compliance Guideline contains fundamental and binding rules for our conduct which apply both within Uzin Utz Group and in dealing with our business partners, shareholders, and the general public.

Executive and Supervisory Board of Uzin Utz AG both expect each employee and, in particular, the managerial staff to strictly observe the Compliance Guideline.

[1] “Employee” in terms of this guideline means all employees of Uzin Utz Group nationally and internationally, including managers and members of the Board. All of the terms used in the document are used in a non-gender-specific way.

2. Definition and scope of application

Compliance means adhering to laws, regulations, codes of conduct and in-house guidelines as well as monitoring them.

This Compliance Guideline is addressed to all Uzin Utz Group employees, including managers and Board members.

3. Personal responsibility of Employees

This Compliance Guideline and associated requirements of conduct do not aim to shift accountability for Employee actions and their failure to comply in terms of the legality of their actions to the level of a compliance organisation. Uzin Utz Group has a deeply rooted and strong corporate culture, which cherishes Employee reliability, personal responsibility, and integrity.

It is therefore the job of every employee to keep informed about the laws, regulations, codes of conduct, and in-house guidelines applicable to his or her responsibility. In cases of doubt, advice is to be sought from the responsible Compliance Office, the supervisor, the management or the specialist department.

4. Codes of conduct

Every Employee shall be obliged to:

- Observe the laws, regulations, codes of conduct, and in-house guidelines applicable to his or her responsibility
- Be fair, respectful and trustworthy in all activities and business relationships
- Respect and uphold the reputation of Uzin Utz Group
- Avoid conflicts of interest between business and private matters
- Not obtain any illegal benefits for his or herself or others

5. Non-discrimination

Discrimination based on race, ethical background, gender, religion, world view, disability, age or sexual orientation is strictly prohibited. This applies in particular to dealings with colleagues, employees, and business partners and to the appointment, promotion, or dismissal of Employees.

6. Prohibition of corruption

Corruption in all its forms, e.g. bribery, corruptibility, granting and accepting undue benefits, is strictly prohibited.

This also applies to precursors of corrupt actions. Any semblance of a conflict of interest is to be avoided when granting or accepting benefits.

7. Preventing conflicts of interest when awarding contracts

Private interests of Employees and Uzin Utz Group interests are to be strictly separate. Any semblance of a conflict of interest is also to be avoided when awarding contracts. In particular, the following are not permitted:

- Awarding of contracts to persons an Employee is close to (for instance, spouse, partner, relative or personal business partner);
- Awarding of contracts to companies where persons an Employee is close to hold a significant position;
- Awarding of contracts to companies where persons an Employee is close to have a stake of 10% or more in the company concerned;
- Secondary activities for rival companies;
- Secondary activities for business partners.

Exemption may only be granted by the Executive or Supervisory Board, or the Compliance Office. Employees who would like to acquire a share of 10% or more directly or indirectly in a rival company, or already have acquired such a share, must report this to the Compliance Office. The Compliance Office will investigate whether there is a conflict of interest.

8. Antitrust and competition law

Uzin Utz Group is committed to free competition. Uzin Utz Group always competes fairly. Observance of the applicable antitrust and competition laws, national, European and international, is a matter of course.

In particular, Uzin Utz Group demands the following conduct requirements are met by its Employees:

- No information shall be disclosed to competitors, accepted from them or exchanged with them that allows for conclusions to be drawn about current or future market conduct.
- Business policies and prices are set independently and never arranged formally or informally, directly or indirectly, with competitors or other independent parties.
- Orders, clients and territories are never shared, divided or allocated among Uzin Utz Group and competitors or other independent parties.
- Unfair business practices shall never be employed.
- Working with associations and participating in their events shall only be allowed for permitted purposes. Any comparison with competitors and the exchange of information shall be in accordance with the relevant laws.
- Contact with competitors is to be kept to an absolute necessary minimum.

9. Compliance with tax laws and directives

Uzin Utz Group complies with the applicable tax laws and directives of the financial authorities. This applies in particular to the timely submission of declarations and the punctual settlement of taxes and duties. Compliance with this framework is ensured by internal control systems and regulations (e.g. Group guidelines on international activities).

10. Third party intellectual property

Uzin Utz Group respects third party intellectual property, e.g. trademark rights, registered design and patents, and copyrights.

11. Combating money laundering

Money laundering is a process whereby money from illicit sources is pumped into legal financial channels, or legal money is diverted and used for illegal purposes.

Uzin Utz Group consistently pursues the “know your customer” principle in order to prevent involvement in money laundering activities. Uzin Utz Group employees are obliged to establish the identity of the respective business partner. Any suspicions of money laundering taking place are to be reported immediately to the Head of Accounting Department and the Compliance Office.

12. Treatment of insider information

As a listed company, Uzin Utz Group is subject to the regulations of the German Securities Trading Act, particularly in relation to insider information. Insider information means knowledge of non-public circumstances that if publicised will be capable of considerably impacting the stock exchange price of a security.

Uzin Utz Group expects its Employees to handle insider information with strict confidentiality until its publication. By disclosing insider information, an Employee will violate confidentiality obligations rendering his or herself liable to prosecution. Furthermore, the German insider trading law prohibits the utilisation of insider information for direct or indirect personal gain when purchasing or selling securities.

Uzin Utz Group keeps an ‘insider list’ by the Uzin Utz AG in accordance with legal regulations.

13. Implementation of the Compliance Guideline/punishment for misconduct

The implementation of the Compliance Guideline is the responsibility of the respective subsidiary of Uzin Utz Group. Uzin Utz AG, the parent company of the Group, has set up a central compliance unit, which reports directly to the Management Board. Furthermore, the Compliance Office acts as a central contact for all matters relating to this Compliance Guideline as well as in relation to other Codes of conduct Uzin Utz AG has established.

With comprehensive communication measures, the Uzin Utz Group supports the sustainable anchoring of compliance in each of its subsidiaries. Employees are informed promptly about new measures and developments.

All Uzin Utz Group employees, including managers and official bodies, are regularly instructed about issues relating to compliance. The aim is to sharpen all employees' awareness of compliance-related risks and to provide them with knowledge about relevant regulations; this not only concerns national regulations, but also important foreign laws and international agreements.

The internal review of compliance violations is carried out by the respective compliance offices set up within each company. Any compliance violations found are punished by the respective management, making use of all sanctions permitted under labor law, depending on the severity of the compliance violation.

An established compliance violation is examined to determine if it was a consequence of a structural default in the organisation. In this case, the respective Compliance Office, if necessary, in cooperation with the central Compliance Office will be instructed to devise recommendations for the elimination of any deficits and implement this in the company and the compliance organisation.

The central Compliance Office reports at least once a year to the Executive Board with regard to the status of group-wide compliance activities, risks and any serious compliance violations established.