

# Overview on the Compliance Management System of Seves

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The Seves Group established a new Compliance Management System (CMS) in July 2015.

## **1. Chief Compliance Officer and Compliance Representatives**

Seves has a Chief Compliance Officer. He is responsible for the compliance matters of the whole Seves Group and reports directly to the CEO of the Seves Group.

The Chief Compliance Officer is responsible for the implementation and continuous development of the CMS of Seves. He is the main contact person for all questions in connection with the CMS. He is in charge for granting certain approvals provided for in the Compliance Guidelines.

The Chief Compliance Officer is supported by local Compliance Representatives. A local Compliance Representative is appointed for each company of the Seves Group. To avoid potential conflicts of interest, the local Compliance Officer should come preferably from the finance and/or HR organization.

The main tasks of the local Compliance Representatives are in addition to the general support of the Chief Compliance Officer (i) responding to the questions of employees regarding the new Code of Conduct and the Compliance Guidelines and (ii) reviewing and granting approvals for benefits to business partners and invitations of business partners exceeding a certain threshold as provided for in the Anti-Corruption Guideline.

## **2. Risk Analysis and Risk Assessment**

Seves conducted a compliance risk analysis and risk assessment with the support of an external law firm to ensure that the CMS is appropriate to the risk profile of Seves and all relevant compliance risks are covered.

The risk analysis and risk assessment will be repeated at regular intervals to continuously guarantee the appropriateness and effectiveness of the CMS.

### **3. Documents**

Based on the results of the risk analysis and assessment mainly the following compliance related documents have been developed:

- a Compliance Booklet,
- a new Code of Conduct,
- various Compliance Guidelines for special areas which seem to be very important for the Seves Group, and
- various “Traffic Lights” which summarize the main principles of the Guidelines.

The above-mentioned documents are available in all main languages spoken within the Seves Group.

The compliance related documents will be reviewed and updated in regular intervals to take into account any new findings and developments.

#### **a) Compliance Booklet**

The Compliance Booklet is an easily readable document summarizing the main values and rules for a compliant behaviour. The Booklet provides a quick overview on the new CMS and the corporate values of the Seves Group.

Each employee receives the Compliance Booklet in the relevant local language. New employees receive the Booklet at the commencement of their work at Seves. The relevant employees shall confirm receipt of the Booklet.

#### **b) Code of Conduct**

The new Code of Conduct substitutes the existing Code of Conduct of the Seves Group. It is the basis of the new CMS and applies to all directors, officers and employees. It sets forth the basic standards for the conduct of our business and shall cover all relevant subjects. The aggregation of all relevant subjects in one document serves the transparency of the new CMS and, by this, its effectiveness.

The Code of Conduct is published on the website of the Seves Group in the section “Compliance”. Also customers, suppliers and other business partners can and shall see for what Seves stands in terms of “Compliance and Business Ethics”. The Code of Conduct can be downloaded.

In addition, each employee receives a copy of the Code of Conduct in the local language together with the Compliance Booklet. The relevant employees shall confirm receipt of the Code of Conduct.

#### **c) Compliance Guidelines**

Supplementary to the Code of Conduct, there are some Compliance Guidelines. The Compliance Guidelines addresses compliance risks which are also covered by the Code of Conduct, but seem to be so important that they deserve additional detailed rules.

The main Compliance Guidelines are:

- the Anti-Trust Guideline,
- the Anti-Corruption Guideline,
- the Business Partner Guideline and

- the Conflict of Interest Guideline.

The Compliance Guidelines are available on the intranet of the Seves Group.

The Compliance Guidelines are also available in all main languages spoken within the Seves Group.

aa) Anti-Trust Guideline

The Anti-Trust Guideline provides an overview on the main principles of anti-trust laws and regulations. Such principles are – disregarding any differences in detail – similar in all jurisdictions relevant for Seves.

The Guideline informs about the main actions forbidden under anti-trust law and main circumstances where advice shall be sought from Seves' legal department or an external law firm.

bb) Anti-Corruption Guideline

Pursuant to the “Corruption Perception Index” of Transparency International, an increased risk of corruptive practices seem to exist in many countries where Seves operates due to the nature of its business. Therefore, Seves has defined the main requirements for granting or accepting any benefits and invitations and implemented a simple group-wide system of approval requirements for granting or accepting benefits and invitations if certain value thresholds are exceeded. The relevant applications for approval are to be directed to the local Compliance Representatives or the Chief Compliance Officer.

Furthermore, the Anti-Corruption Guideline defines rules and approval requirements for matters often connected with possible corruptive practices, namely:

- political contributions,
- donations and
- sponsoring.

cc) Business Partner Guideline

Seves closely cooperates with a wide range of business partners. To the extent that such business partners act for Seves or support Seves in connection with the development or sale of its products (namely agents, project or sales consultants, distributors, sub-contractors, joint venture partners, R&D partners), they are subject to an integrity review.

The integrity review shall ensure that the business partners with whom Seves closely cooperates observe all applicable laws and regulations (in particular the anti-trust and anti-corruption laws and regulations) and apply high ethical standards at their business activities. A business relationship may be established with such business partners only once the integrity review has been satisfactorily completed.

The integrity review is conducted by so-called “Business Partner Managers”. They will be appointed by the CEO and CFO of the Seves Group for each business unit of Seves. To avoid any influence of the integrity review by business interests, the Business Partner Managers shall not come from the operational business, but from the finance or HR department. The Business Partner Manager is responsible only for the integrity review, not for the operational business with the relevant business partner.

Details of the integrity review are set forth in the Business Partner Guideline.

The Business Partner Guideline also provides for some compliance related requirements for the agreements to be entered into with a business partner. Furthermore, it makes the engagement of a business partner in certain cases subject to the prior approval by the CFO of the Seves Group.

dd) Conflict of Interest Guideline

The Conflict of Interest Guideline provides guidance in connection with potential conflicts of interests and requires that the relevant supervisor and the HR department shall be informed in certain cases of a potential conflict of interest.

d) “Traffic Lights”

The new CMS of Seves shall not be only on paper, but shall become real life throughout the whole Seves Group. To facilitate the understanding of employees for the matters covered by the Compliance Guidelines, Seves developed for each Compliance Guideline a one-page “Traffic Light” which can be easily and quickly read.

The “Traffic Lights” are published on the intranet as the Compliance Guidelines. In addition, each employee receives a copy of the “Traffic Lights” together with the Compliance Booklet and the Code of Conduct.

## **4. Training**

Seves conducts compliance trainings to ensure that the compliance related rules are understood and observed by all employees.

Each employee must participate in a basic training on the Code of Conduct. Furthermore, Seves offers more detailed trainings for certain important compliance matters (such as anti-trust and anti-corruption). Such more detailed trainings are compulsory for specific categories of employees who are identified as being confronted to such material risks due to their functions.

The trainings are documented and repeated at regular intervals.

## **5. Compliance Certificates**

A further measure to ensure effectiveness of the CMS is the obligation of senior managers to issue at regular intervals a Compliance Certificate to the CEO of the Seves Group or the Chief Compliance Officer, by which the senior managers confirm that (i) the employees under their respective responsibility have been properly trained with respect to the Code of Conduct and Compliance Guidelines and (ii) they are not aware of any breach of the internal rules and/or any violation of a law or regulation, in particular any violation of any anti-trust or anti-corruption law or regulation (other than those breaches or violations specified in the Compliance Certificate).

## **6. Reporting of Non-Compliance Issues; Integrity Line**

To ensure effectiveness of the CMS, it is important that compliance breaches can be reported to the relevant persons at Seves.

First of all, compliance breaches can be reported to the local HR department, the local Compliance Representative or the Chief Compliance Officer. Upon request, all reports will be treated confidentially.

Furthermore, Seves Group S. à r.l. established a group-wide Integrity Line. The Integrity Line is web-based and can be accessed through the website of Seves in the section "Compliance". The Line is "open" 24 hours a day and 7 days a week. Contact person of the reporting person is an external law firm. Therefore, all reports and any communication between the reporting person and the law firm are protected by the professional secrecy obligation of an attorney. After a review and, if necessary, first clarification of the report, the law firm will forward the reported facts to the Chief Compliance Officer. If requested by the reporting person, the reports can be made anonymously (unless this is not permitted under local law) and the reported facts will be forwarded without disclosing the identity of the reporting person.

The Chief Compliance Officer will properly investigate each report of a compliance breach.

Employees who reported a matter of non-compliance in good faith will be protected against any retaliation measures.

## **7. Audits**

To ensure effectiveness of the CMS, Seves will conduct compliance audits at regular intervals and ad hoc at special situations. The matters and companies to be audited will be determined by the management board of the Seves Group based on the proposal of the Chief Compliance Officer.

## **8. Sanctions**

If a compliance breach has been confirmed, appropriate corrective measures will be imposed on the relevant employee taking into account applicable labour law. In case of severe compliance breach (in particular regarding anti-trust law or corruption) or repeated compliance breaches, termination of the employment relationship is also possible.

Compliance breaches regarding anti-trust law or corruption may cause severe damage to Seves. Therefore, the management of the Seves Group applies insofar the principle of "zero tolerance".

## **9. Reporting**

The Chief Compliance Officer provides at regular intervals to the management of the Seves Group and the Board of Seves Group S. à r.l. reports on the status and development of the CMS and special incidents regarding compliance. In addition, important incidents will be reported ad hoc.

## **10. Concerns and Questions**

Any concerns or questions about the CMS in general should be directed to the Chief Compliance Officer.

Questions about the appropriateness or correctness of a certain behaviour should be directed to the relevant HR department, the local Compliance Representatives or the Chief Compliance Officer.

Contact details of the Chief Compliance Officer and the local Compliance Representatives are provided in the section "Compliance" on Seves' website.