ERBE ANTI-CORRUPTION GUIDELINES

We have published an Erbe code of conduct that commits ourselves to comply with all applicable laws and regulations. The companies of the Erbe Group are subject to intense competition. We are in continuing competition regarding innovations, prices, and customers with our competitors, some of which are part of powerful international industry conglomerates. This competition needs to be unrestricted and genuine.

Erbe therefore regards it as important that we avoid the risk of legal violations in competition. This includes strict adherence to the respectively applicable legal regulations to prevent corruption. All employees are required to strictly adhere to these provisions.

A violation of anti-corruption regulations can result in significant financial penalties or imprisonment for any employees who are responsible for these violations. Erbe itself is also threatened with significant negative consequences.

All employees are therefore called upon to immediately report any anti-corruption regulation violations to their supervisor, the compliance officer, or to the assigned ombudsperson. Employees may also report such violations to an ombudsperson anonymously.

This Erbe anti-corruption policy is intended to outline the basic anti-corruption legal regulations governing the activities of all employees within companies of the Erbe Group, and to provide tips for risk-free conduct.

By its nature, this outline cannot describe every possible event or potential case. If you have general questions, or questions related to a specific case, our Compliance Officer, Daniel Zimmermann (Daniel.Zimmermann@erbegroup.com), is available as a point of contact.

As a rule: Please ask once too often rather than not at all!

A. HEALTHCARE COMPLIANCE

Erbe applies high compliance standards owing to the significant importance of the medical technology business for the healthcare sector. The particularly strict anti-corruption standards in the healthcare sector are based on five fundamental principles. These five principles form the basis for the recommendations set out in section C.:

1. **Paid and unpaid services** of any type which are made to the employees and other partners in healthcare facilities must not have any **direct or indirect connection with revenue-generating business** with the healthcare facility in which such employees or partners are employed.
   (Principle of separation)

2. All **relationships** with employees and other partners in healthcare facilities **involving an exchange of services** must be **documented in writing** and disclosed to and approved by the respective employer of Erbe's contractual partner (i.e. the healthcare facility).
   (Principle of transparency)

3. In the contractual relationships between Erbe and service providers the **performance and the consideration must be proportionate**. The remuneration must be based on the scope of the service provided, the time spent on it and the specific qualification of the service provider.
   (Principle of equivalence)

4. All **performance and considerations** of this type must be structured and **documented in writing** in such a way that they can be verified and traced at any time. The subject and purpose of the collaboration, the reciprocal services provided or to be provided, distribution of costs and financial arrangements must also be documented in any case. Reports must be made on all services rendered.
   (Principle of documentation)

5. In their collaboration with employees in healthcare facilities and with the healthcare facilities themselves Erbe employees and subcontractors must ensure at all times that their **conduct to third parties** is consistent with the principles of these guidelines and that it does not **harm Erbe's image**.
   (Principle of external perception)

B. RECOGNIZING AND AVOIDING CORRUPTION

1. What is corruption?

Basic rule: A general distinction is made between active corruption (bribing) and passive corruption (corruptibility). Both are prohibited and punishable.

Bribing occurs when an Erbe employee offers, promises, or grants advantages or benefits to an employee of another company (distributor, hospital, project sponsor, supplier, etc.), or a closely associated third-party, when these actions involve the preferential procurement of goods or commercial services from the employee or another party or some other breach of duty with respect to the company. Granting advantages to public officials (employees of public institutions) for purposes of performing official duties or for "relationship maintenance" is particularly problematic.

Corruptibility occurs when an Erbe employee demands, accepts a promise for, or accepts a benefit or advantage for himself, herself, or a third-party in exchange for preferential procurement of goods or commercial services from a third party or some other breach of duty with respect to Erbe.

A **breach of duty** is any conduct in which the employee breaches his/her employment-contract or statutory duties vis-a-vis the employer.

In whose interest the bribe occurs is of no relevance. It is therefore of no significance whether a benefit is solely granted in the interest of the company (e.g. to be awarded an order). A punishable bribing offense does not require that the individual employee intends to personally benefit from it.

Offering or demanding a benefit already constitutes a punishable offense. That means that the benefit or advantage does not even have to be actually granted. Moreover, a punishable offense can already have occurred when the decision about the affected business transaction (e.g. order award) was ultimately not influenced by the benefit, for instance because an unsuitable gift was made (e.g. football tickets to a horse racing enthusiast), or because the business transaction (e.g. the order) would have been executed accordingly anyway, for instance because our company would have received the order due to advanced technologies.

An advantage can be any kind of benefit. A benefit is anything that improves the economic, legal or personal circumstances of the recipient, and to which the recipient is not entitled. These specifically include open or concealed monetary payments, gifts, other services, and intangible advantages.

Examples:

- Monetary payments (cash, "tips", inadmissible "commissions", and "consultant fees"),
- Cash-equivalent benefits (vouchers, tickets, invitations to events, vacation travel, inadmissible discounts),
- tangible assets (liquor, electronic devices),
- Intangible benefits (official recognition, honorary appointments, career prospects, sexual favors),
- Omitted actions (avoiding termination of an agreement, failure to assert claims for defects).

Not classified as an advantage: socially acceptable benefits (see following examples), but only in private commercial relationships (a general prohibition applies to public officials – see 3. below). The key in this case is always that the value does not exceed a certain level, and that the purpose of the advantage is not to receive preferential treatment over competitors. Whether a benefit is socially acceptable must be verified beforehand in each individual case according to the specific features of the respective country or society. In the event of doubt, the compliance officer must be consulted.

Examples for socially acceptable benefits:

- A one-time invitation to a normal lunch meal,
- gifting of low-value promotional items with a value up to approximately 10 Euros (e.g. normal pens, calendars, coffee cups),
- gifting of minor promotional items during business events at the customer (e.g. training, product presentations).

The value limits for gifts and invitations that apply at Erbe can be found in the included overview, "International Corruption Thresholds". Higher value benefits may also be permitted as a case-by-case exception, when this corresponds to the local cultural customs, or occurs for reasons of courtesy and respect. Higher value benefits must be discussed with the compliance officer.

TIP: Social acceptance should not be confused with the fact that there will always be competitors who regard higher value benefits as "normal" or "necessary" in order to receive orders.

Even when monetary payments or other benefits continue to be commonplace in certain regions of the world; this does not mean that such payments or benefits are also socially acceptable and therefore permitted.

Even when a benefit is below the specified value limit, it may not be offered for the purpose of influencing the business decision of the recipient.

The place where the bribe or the corruptibility occurs is basically not relevant. For instance, German criminal law stipulates that corruption is also punishable when the corruptive action was performed in a foreign country. These cases carry **additional** penalties based on the applicable foreign legal code.

A benefit to third parties can already be sufficient grounds for punishment, for instance when the spouse or the child of the employee is the beneficiary.

2. Typical cases of corruption in private business affairs

Corruption in private business affairs has generally occurred when one of the following benefits is offered, promised, granted, or accepted in the course of prospecting for, or maintaining business relationships, with the result that a supplier or customer is treated preferentially over other competitors:

Examples:

- Open monetary payments to the employee of the business partner who decides the order award.
- Concealed ("disguised") monetary payments
  - Apparent "placement fees", "consultant fees", or "commissions" to friends or family members of the bribed person or other persons, in spite of the fact that no placement or consulting has occurred that would justify the amount of the fees.
  - Kick-back payments: the customer is invoiced for excessive amounts. After the invoice is paid, a partial amount is transferred directly to the customer's employee (or to a person specified by them).
  - Discounts: the customer is granted a discount on its invoice. A portion of the discounted amount is paid to the employee who decided the order award.
- Consumer goods
  - Electronic devices, clothing, food, liquor, luxury articles, etc.
  - Product samples for personal use of the employee who decided the order award.

- Cash equivalent perquisites
  - Travel, hotel vouchers, tickets to recreational events, favorable loan terms, inappropriate dinner invitations, bar visits, etc.;
- Other benefits
  - Official recognition, placement of ancillary activities, career opportunities, sexual favors.

3. Granting benefits to, and corruption of public officials

Basic principle: German criminal law and international regulations are particularly severe for benefits to public officials. Punishable offenses already involve mere so-called "relationship maintenance", e.g. securing the favor of the public official in the performance of their duties.

A public official is any person who holds a public office at home or abroad, or who performs sovereign public administration tasks in a public hospital, a public agency, or another office.

Examples:

- Employees in public hospitals (particularly if a public official),
- Employees of public universities or other public research facilities, as well as schools (particularly if a public official),
- Public tax agency officials,
- Construction agency officials.

Employees of private business entities who perform public duties can also be classified as public officials.

Examples:

- Employees of municipal hospitals who are pubic officials, even if they are legal persons under private law (e.g. a municipal hospital which operates as a GmbH),
- Employees of inspection and certification agencies (e.g. TÜV, Dekra (German Technical Inspection Associations),
- Employees of municipal energy utilities or waste disposal businesses,

Benefit: Please note that in contrast to private business, public officials are categorically prohibited from accepting even low value benefits in connection with their official duties. Many hospitals and hospital groups have also published their own compliance regulations for their employees and suppliers, which Erbe must adhere to.

4. Granting benefits to members of medical or related professions

- The term "members of medical or related professions" includes all members of the medical, dental or other healthcare professions and anyone who prescribes, applies or uses medical products or who lawfully trades with them (e.g. doctors, pharmacists, medical technicians, nurses, professional carers).
- Likewise, it includes hospital purchasing staff, as well as staff of wholesalers and trading intermediaries, etc.
- In business contacts with members of medical and related professions particularly stringent standards must be applied when giving benefits (gifts, invitations, reimbursement of costs, etc.) as making and accepting bribes in the healthcare sector is a punishable offence (sections 299a and 299b German Criminal Code) and owing to the stipulations of German healthcare advertising law.
- The basic principles outlined in section A. must be applied and complied with at all times in contacts with members of medical and related professions. The following principles must be adhered to at all times.
- Erbe employees must exercise particular care in order to avoid any link or the slightest appearance of any link between any gifts or favours provided to members of medical and related professions and specific revenue generating transactions.

C. PRINCIPLES FOR AVOIDING CORRUPTION

The following principles for preventing and fighting corruption must be complied with. As a rule, you should inform your supervisor and the compliance officer about questions and cases of doubt; they are always at hand to discuss these issues.

a) Offering and accepting gifts

Offering and accepting small gifts, in particular customary promotional gifts, such as calendars, note pads, sweets, or pens is permitted in the course of business life, provided that these gifts do not exceed a value of approximately 10 Euros per item.

Small gifts, in particular customarily presented chocolate or candy for Christmas, Easter, or anniversaries are also permitted.

Details regarding value limits can be found in the included overview. **Deviations from these are only permitted as exceptions.** Special occasions based on cultural customs or courtesy may require presenting higher value gifts. However, such cases must always be discussed with the **compliance officer**, and always require express prior **approval**.

On no account may gifts – even gifts of low value – be made to public officials.

Please note that even **repeated** low value gifts can have the **cumulative** effect of establishing an obligation toward the presenting party. This **must be avoided**. It is unlawful to make gifts with the specific intention of persuading the recipient to make a certain business decision.

Thus, No gifts to public officials!

Always observe the limits shown in the attached document!

b) Cash

Offering and accepting **cash gifts** is **strictly prohibited**.

c) Donations and sponsoring

Donations may **only be made for charitable purposes**. Under no circumstances are donations made to induce the recipient of the donation or third parties into taking a business action. Donations to business partners, their employees, or to organizations closely related to these are not accepted as a condition for transactions, or made by us as a condition for transactions.

Erbe may only sponsor members of medical and related professions or their events for the sole purpose of promoting its image and products and on no account may the sponsoring relates to any revenue-generating business between Erbe and the sponsoring beneficiary.

d) Business invitations

Business invitations, in particular lunches, must be kept within **appropriate limits**, and may only be extended to **promote business objectives**. For instance, inviting business partners or potential business partners is permitted when the invitation is intended to establish, strengthen, or to maintain business relationships, and to discuss customer needs. Invitations must always be within a socially acceptable scope. The associated value limits can be found

in the overview included. The **compliance officer** must be contacted beforehand if this **value is exceeded**. The same applies when accepting corresponding invitations.

Invitations to business partners or potential business partners may never be offered as a "reciprocal service" for a (anticipated) order award.

Inviting spouses or friends of the business partner is categorically not permitted. If an **exception** to this principle is required on a case-by-case basis, this is only possible after **prior approval** by the **compliance officer**.

Thus, No particularly exclusive or inappropriate locations!

Always observe the limits shown in the attached document!

Tickets to athletic, recreational, or other events may only be offered to customers, potential customers or patients **in justifiable exceptions**, and only after prior approval by the **compliance officer**. Such an invitation can only be extended when an employee from our company participates in the event together with this customer. But here as well, the invitation may not be extended as a reciprocal service for an anticipated order award. The same applies to the acceptance of tickets to corresponding events for employees from our company.

e) Inviting public officials

Special circumstances apply **when interacting with public officials**. In these cases, financial benefits, gifts, as well as invitations to meals or recreational events are prohibited under any circumstance. The only exception to this is for coffee, or simple refreshments, as well as minor snacks. The term "public official" should be interpreted broadly, and for instance also includes employees of municipal hospitals where they exercise public functions or are public officials (see section B.3.)

When agreeing to collaborate with public officials, particular attention must be paid that the public official's supervisor has been informed about, and agrees to the intended collaboration.

f) Business travel

When traveling on business domestically or internationally, it is imperative to ensure that the focus of the trip is on business activity. Travel expenses, including per diems, incurred by our employees must be paid by Erbe. Details are described in the Erbe travel and per diem policy.

If you are in doubt while traveling whether individual agenda items (invitations to events, meals, and evening entertainment) are still within acceptable limits, you should immediately contact the compliance officer.

g) Promotional sales events

In case of events that are conducted as sales promotions or customer support (e.g. product presentations or training) it is also important to verify that the focus of the event is on promoting the business purpose.

The important consideration is that the participating employees of the business partner do not personally benefit from such events (e.g. by excessively expensive meals, elaborate free event programs, or gifts).

h) Remuneration for sales/distribution partners

When remunerating sales/distribution partners, the following policy must be observed:

- Remunerations can only be made based on a written contractual agreement. The remuneration must be fully declared either in a credit note from Erbe or in an invoice from the sales/distribution partner.

- Remuneration may only be paid out to the respective sales/distribution partner and credit recipient (or invoicing party), but under no circumstances to third parties. The payment of the remuneration may **not** – neither completely nor in part – be made to personal bank accounts of an owner, a shareholder, a managing director or an employee of the sales/distribution partner.

i) Agreements related to commissions, consultant fees and placement fees

Agreements for commissions, consultant fees, or placement fees to brokers or other intermediaries are only permitted under the following conditions:

- All commissions, consultant fees, or placement fees must first be **approved** by the **compliance officer**.
- The intermediary, consultant, or broker may **not be an employee** of our company or **the business partner**, and may not be personally related to the business partner or the employee from our company (family member, friend).
- Commissions, consultant fees, or placement fees must be **properly recorded** in the accounting records.
- Payment of a commission or placement fee must only be made based on a **proper business receipt (invoice or credit memo)** and based on an **express written agreement** with a clearly defined deliverable.
- The services invoiced by the intermediary must have been **actually performed** and **fully documented**. The respectively provided service must be itemized on the invoice or in a clearly referenced attachment to the invoice.
- The paid commissions, consultant fees, or placement fees must be an **appropriate reciprocal payment** for the service received, and must correspond to the **current market standard.** The commission rate must be within the customary range (limited to no more than 15 %).
- Whenever possible, information should be obtained about the respective business partners (Assist and credit bureaus) before the transaction is concluded. Immediately contact your supervisor, or the compliance officer with any inconsistencies, or when in doubt; when required, they will forward your question to an appropriate expert.
- Particular diligence is required when interacting with business partners in those countries where corruption is a frequently occurring problem. These include those countries that are listed at rank 100 or below in the respectively current Corruption Perceptions Index published by Transparency International (http://www.transparency.de/).

In these countries, special care should be taken when selecting intermediaries. There is an increased risk in these countries that (excessive) commission payments are used to bribe public officials (e.g. customs officials), or that the intermediaries themselves occupy a public office.

j) Research and development cooperations, research support

The development of new medical device products requires close coordination and collaboration with partners who use of our products. The following policy must be observed for all such projects:

- Project partners are selected based on objective criteria (in particular, technical qualifications, experience and expertise in the field of the relevant technologies, processes and procedures; appropriate facility equipment).
- The scientific and functional value of the research and development project was determined and documented. The results of the project are also recorded and documented.
- The service provided by the project partner is in an appropriate relationship to the respectively received reciprocal payment. Payments are only made based on a written invoice with a specifically described service.
- There is no direct relationship between research and development projects and sales promotion.
- The collaboration is agreed to in writing, including a detailed description of the services to be provided.
- Employees of our company may not be independent partners to research and development collaborations.
- If a collaboration is intended with individual employees of a business partner (such as a hospital physician), the collaboration agreement concluded is disclosed to the business partner. Collaboration with public officials can only occur based on prior written agreement by their supervisor.

k) Continuing education, training

The training purpose is always the focus of training and continuing education events, irrespective of whether Erbe is the (co-) organizer or sponsor of the event. The training content of the event must always be the predominant portion of the schedule. Participation in, or conducting an event with an elaborate recreational program not paid for by the participants requires prior approval by the respective supervisor or the compliance officer. Excessively expensive venues or locations with a high "fun factor" (casinos, theme parks, etc.) must be avoided.

Presenters for training events are compensated for no more than appropriate expenses for round-trip travel, overnight stays, and meals, including an appropriately scheduled and priced entertainment program in relation to the overall event. Speakers must be selected on the basis of objective criteria (e.g. scientific reputation, research field and qualification). Costs and outlays may only be assumed if the participant has first submitted the employer's written consent to attend the event.

When Erbe is the host, speakers can be additionally paid an appropriate fee that is in relation to the service provided. If the speaker is an employee of a potential business partner of Erbe, the presenter must first submit his employer's written consent to receive the specific fee.

Any other additional expenses – for instance for an elaborate entertainment program – must be paid for by the participants.

Erbe does not assume expenses of personal connecting trips or journeys, or expenses of accompanying family members.

Necessary expenses and outlays for presenting or participating public officials are only paid after written approval by their supervisor.

Thus, No particularly exclusive or inappropriate locations!

Fees only for participants who make an active contribution!

Reimbursement to participants of appropriate costs and outlays only!

Reimbursement of necessary costs to public officials only with the employer's consent!

D. LEGAL CONSEQUENCES OF CORRUPTION

1. Sanctions for violations

Violations against the described corruption regulations are criminal offenses, punishable with prison sentences of up to three years – when public officials are involved even up to five years – or fines. The amount of the penalty depends on the severity of the violation and on the income of the perpetrator.

Anyone involved in the bribing activity can be punished. Culpability is not waived because an intermediary (courier, broker, for similar) was involved.

Executive Management is also threatened with significant fines when the company is found to have violated corruption regulations.

The persons and companies, or other third parties who benefited from the bribe must surrender the gains obtained. Consequently, acts of corruption may even threaten the existence of the company affected!

Our company does not tolerate violations of corruption regulations; any violations thereof may have consequences for the employment relationship of each individually employee involved, up to and including immediate termination for cause and claims for compensatory damages.

2. Tax law

Criminal corruption frequently goes hand-in-hand with tax evasion. When payments are made in connection with acts of corruption, the recipient of the bribe payment frequently collects these payments personally and fails to pay taxes on them.

As a result, those who make a payment or other forms of benefits that represent such a criminal act can also be prosecuted as facilitators to tax evasion.

Not only the person who initiated the payment, but also the company that makes the payment can therefore become the target of investigative agencies, as facilitators of tax evasion. This can also be the case, because non-deductible operating expenses were deducted with a tax reducing effect.

Corruption does not pay!