



COMPANY GROUP
LUDWIG FREYTAG



Ethics and Integrity Code of Practice





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Part A: Policy Statement by the Executive Management

In implementing this Ethics and Integrity Code of Practice, the LUDWIG FREYTAG Group further ensures compliance with a set of values that is relevant to its commercial activity and has the future in mind. With this initiative, we act in the belief that preserving and enhancing the reputation of the LUDWIG FREYTAG Group as a reliable, fair and law-abiding partner will strengthen our position in the market.

This Guideline has been disclosed to all employees and is also communicated to external parties by those employees responsible for doing so. Senior executives of the LUDWIG FREYTAG Group have committed in writing to comply with the Guideline and promote its objectives. Implementation of and compliance with this Guideline is also safeguarded by way of cross-departmental audits, training events and the establishment of a central responsible function within the LUDWIG FREYTAG Group.

In general terms, our actions and our conduct within the Company are characterised by the core value of integrity. The reputation built up by our management and, ultimately, all of our employees during our Company's long history for fair, reliable planning and execution of our activities in line with the contracts we sign must be affirmed in every new business process – from calculation and purchase of materials through to after-business services, execution and invoicing.

We achieve our commercial objectives solely using legally compliant means that are also ethically sound. Ultimately, we understand that only integrity can safeguard the relationship of trust that is essential for the parties involved to have in the construction industry.

We reject any form of corruption, manipulation, anti-competitive agreements, illegal employment, disclosure of business or trade secrets or other unlawful acts. We do not tolerate any such behaviour, either explicitly or implicitly, and we promote compliance with the same Codes of Conduct by all our partners in the way we deal with public and private clients as well as our subcontractors.

The contents of this Ethics and Integrity Code of Practice also form part of our Quality Management documentation. All of our employees within the LUDWIG FREYTAG Group, including in particular our management, are obliged to comply with the various aspects and Codes of Conduct stated in the following parts of this Guideline. Our management undertake to collaborate in promoting and maintaining the sets of values applicable with our Group. All employees within our Group who are in breach of these requirements shall face disciplinary measures or employment-related consequences.

Oldenburg, dated November 2016

Executive Management of the LUDWIG FREYTAG Group

Part B: Scope

This Ethics and Integrity Code of Practice shall apply throughout the entire LUDWIG FREYTAG Group. The Group Executive Management at our Head Office in Oldenburg, the operational management in place at all of our subsidiaries as well as the Branch Managers, Operational Managers, Project Managers and Construction Managers shall all assume specific responsibility for implementing this Guideline.

This target group also includes the Heads of Department / employees in the Purchasing and Costing department as well as the individuals responsible for materials planning (MTA), etc. This also applies in particular to the group of individuals in contact with third parties as well as administrative employees with decision-making responsibility over external parties. Where measurements and accounts are generated by polishers and excavation staff, etc. in conjunction with third parties or customers, these shall also be included too.

This Guideline also embeds aspects that are a matter of course in day-to-day activities at work and in public and do not require any additional regulation. The Guideline aims to make it possible to respond in the correct and appropriate way when strategic considerations are being made and operational decision-making processes are being taken.

Part C: General Statements on Ethics and Integrity within the LUDWIG FREYTAG Group

We are committed in general to ensuring fair collaboration with our clients with the long-term in mind. In addition to the technical quality of our activities, our work is also based on the belief that stringent compliance with the principles of business ethics and integrity are beneficial to the Company's success and are required to develop the social market economy in a positive way.

We act knowing that it is imperative we fight any form of corruption or other illegal behaviour in their entirety.

- The principles we have drawn up here are binding on us. We therefore also expect our partners, including our clients, contractors and suppliers, to ensure they comply with these principles of ethics and integrity principles to the same extent. We foster such action by negotiating contracts in an appropriate way. Care must be taken by the Executive Management as well as all management within the Group to ensure that the various aspects contained in the Code of Conduct are implemented and put into practice.

All senior executives shall also be given training at regular intervals on the following aspects.

Statements on our basic values

- We expect our business partners to ensure compliance with the Codes of Conduct we have set and conduct themselves accordingly too. We therefore adhere to the rules and laws around fair competition, but we expect our partners and competitors to do this too.
- We conduct our activities with integrity and comply with the applicable laws in force, such as human rights laws as well as anti-corruption, data protection, competition, antitrust and environmental laws.
- We comply with the respectively applicable laws and agreements in place with social partners and trade unions.
- We reject any corruption, illegal price fixing, illegal employment, disclosure of business and trade secrets and other unlawful acts.
- Ensuring compliance with the various statutory regulations and recognised rules on fair competition is a top priority for us. We shall not place or accept orders with damaging consequences for our respective contracting party.
- It is strictly prohibited to offer indirect or direct benefits to public and/or private clients or contractors outside of the contractually agreed arrangements. We shall not allow ourselves to be offered or granted any such benefits either.

Statements on the Code of Conduct

- It is prohibited within our Company to offer or accept dubious gifts or other benefits to clients and contractors that might be regarded as unethical commercial influence. This also applies to business relationships with private as well as public clients. In general terms, we shall not tolerate any conduct that puts our integrity into question or might damage our reputation.
- We shall ensure compliance with all relevant requirements under competition law. Any arrangements or agreements impacting on price, terms and conditions, strategies or client relationships, including in particular those in conjunction with involvement in tenders, shall be prohibited within our Company. The same statement shall also apply to the exchange of sensitive information of relevance under competition law as well as any other conduct that restricts competition, or might restrict competition in an unlawful way.
- We shall not tolerate any form of discrimination within our Group or by any of our subcontractors we commission. Any form of bullying or harassment, whether owing to derogatory remarks, conduct or insults, shall be dealt with in a consistent way.
- Our employees, as well as the employees of any subcontractors we commission, are obliged to respect the property of others and the business assets of our Company, our customers and our partners.
- All employees are responsible for ensuring the proper use of business assets exclusively for business purposes; these assets shall include any buildings, equipment, computers, materials, information, etc.
- Protecting our Company's tangible and intangible resources is a high priority for all employees. These material resources include all items, vehicles, machinery and equipment, tools, computer systems and documents. Our Company's intangible resources include our know-how, business secrets and other key information worthy of protection for our Company.
- Individuals under the influence of alcohol, drugs or narcotics shall be asked to leave the workplace with immediate effect.
- Information relating to our business partners shall always be handled in a confidential way within our Company. We expect our business partners to conduct themselves in the same way in relation to us.
- Our employees shall generally be prohibited from taking on second jobs with or investing in external companies.
- We shall make donations on a voluntary basis without expecting any financial consideration in return. We shall not sponsor individuals, groups or organisations in order to obtain unlawful commercial advantage.
- Private and commercial interests are strictly separated within our Company. This shall apply on a general basis, as well as with regard to our relationships with private and public sector clients in particular.

- We respect and pay attention to the intellectual and material property of our Company and of our partner companies and subcontractors.
- We shall always treat in a confidential manner any findings or information about our clients, contractors or other business partners that we obtain in conducting our commercial activities.
- Fairness is our top priority when drawing up contracts, commencing price negotiations or issuing invoices.
- Our responsibility towards our employees, including in particular with regard to occupational health and safety, is of primary concern.
- Our conduct towards contracting parties in bidding consortia and working groups as well as our subcontractors is characterised by a genuine sense of fairness.
- If there is specific suspected corruption, the employee discovering this situation must notify the individual/office responsible for ethics and integrity management within the LUDWIG FREYTAG Group and/or inform the Group Executive Management at our Head Office in Oldenburg.
- We strive to use natural resources in the most efficient way possible and safeguard the associated level of environmental protection.
- In terms of pursuing environmental protection targets, we shall in particular promote the use within our Company of new technologies and processes as well as materials that enable the sustainable use of natural resources.
- We strive to enhance the quality of life in society thanks to our general entrepreneurial activity, but also by using products such as the provision of construction services.

Part D: Anti-Corruption Guidelines

Given the material importance of corruption within our Ethics and Integrity Code of Practice, specific anti-corruption provisions are laid down in Part D.

Section 1 Objectives

The aim of this Guideline is to prevent corruption in the exercising of activities and to pursue individual cases of corruption in a consistent way, doing so in keeping with the basic values of the LUDWIG FREYTAG Group.

This Guideline is also used to raise awareness among all employees too.

General statement:

Corruption is not a trivial offence. In fact, it damages the basic values of the LUDWIG FREYTAG Group and shall result in criminal liability.

It should be noted that corruption starts with small favours or provision of hospitality, as the transition to criminal levels of corruption is a fluid one.

Section 2 Scope / separation from the private domain

2.1

This Guideline applies to all parts of the LUDWIG FREYTAG Group, i.e. all subsidiaries and all dependent and independent branches, along with all departments and participating interests.

It applies to all employees, not least to the Executive Management of the LUDWIG FREYTAG Group based at our Head Office in Oldenburg, but also to all operational managers of our subsidiaries, branch managers and other senior executives within the Group. For more information, please see Part B of this LF Ethics and Integrity Code of Practice.

2.2

This Guideline shall not apply to the private domain.

Commercial and private relationships must be kept strictly separate, as it is acknowledged that it is particularly difficult to refuse or accept a „favour“ if there are close private relationships in place.

Where there are private relationships in place with individuals with whom commercial relationships also exist or may exist in future, including their relatives, it must therefore be made clear from the outset that commercial and private lives must be kept strictly separate to ensure there is no suspicion of benefits being accepted or granted.

If, in the case of private relationships, there are existing or potential conflicts over a commercial activity, they must be notified to the direct line manager immediately in writing and avoided as a matter of urgency.

Section 3 Definition of work areas at risk of corruption

3.1

At least once every two years, any positions at risk of corruption within the LUDWIG FREYTAG Group are identified and documented appropriately.

3.2

Any work area or position where information is available or decisions are taken that may represent a significant material or immaterial benefit or disadvantage to third parties outside of the immediate Group shall be regarded as being at risk of corruption. Examples of work areas or positions at risk of corruption include the following in particular:

- Procurement
- Order acquisition
- Conclusion of contracts
- Monitoring and inspection and, where necessary, confirmation of execution of services by contractors Purchase of substances/materials and services
- Work areas and positions in which confidential information related to the LUDWIG FREYTAG Group or of business partners is known or stored
- All areas of responsibility and positions with the power to dispose of money or material assets in favour of third parties, excluding any daily use of construction and work materials

Section 4 Central anti-corruption function

The central point of contact for all anti-corruption duties within the entire LUDWIG FREYTAG Group, including all of its companies and participating interests, is

Rechtsanwalt Stephan Schade (Lawyer)

Tel.: (+49) (0)30.54703040

Email: schade@juskonzept.de

Section 5 Multiple control principle

Decisions must be taken in work areas or positions at risk of corruption using multiple control or dual signature systems.

Section 6 Procedure in the event of suspected corruption

6.1

Upon signing these Anti-Corruption Guidelines as a supplement to their employment or service contracts, employees in work areas at risk of corruption undertake to notify in writing any specific suspected corruption to the individual/office responsible for ethics and integrity management within the LUDWIG FREYTAG Group

in accordance with Section 4 of this Guideline with immediate effect. The individual/office shall then directly inform the Group Executive Management at our Head Office in Oldenburg.

6.2

In accordance with Section 4, and following consultation with the Group Executive Management, immediate steps must then be taken to investigate the suspected corruption that has been reported. The results of this investigation shall be documented in writing and retained by the central point of contact stated in Section 4.

6.3

The investigation itself and its results, including the documentation, must be kept strictly confidential within the Company to begin with.

6.4

The utmost care must be taken not to jeopardise any subsequent investigations by law enforcement agencies, including in particular by not warning any suspected individuals.

6.5

Information shall be provided to public bodies, including in particular law enforcement agencies, regarding the investigation of suspected corruption or the results of said investigation in implementing this Guideline, and shall take place exclusively following consultation with and obtaining the written consent of the Executive Management of the LUDWIG FREYTAG Group.

6.6

This shall not affect the right of any individuals to file criminal charges themselves. In doing so, however, attention must be paid to the ban on business and trade secrets being disclosed by employees as protected by the German Criminal Code.

Section 7 Procedure in the event corruption is identified

7.1

If corruption is identified, this must be reported immediately to all parties responsible for sanctioning such actions, including in particular law enforcement agencies.

7.2

Internal disciplinary measures, including in particular measures laid out in employment or service contracts, including dismissal, shall also be examined with immediate effect and pursued and enforced in a consistent way.

7.3

If a loss has been incurred, compensation claims shall be reviewed seriously and enforced in a consistent way whilst also taking into account the various provisions stipulated in employment or service contracts.