

GRILLO GROUP COMPLIANCE GUIDELINES



- Preventing breaches of competition law
- Preventing corruption

- Preserving confidentiality and avoiding conflicts of interest
- Basic rules regarding on-site investigations by public authorities



CONTENTS

Page

Introduction	4
Preventing breaches of competition law	6
1 Basic rules	7
1.1 No competition-restricting arrangements with competitors	7
1.2 No excessive restriction of suppliers and customers	7
1.3 No abuse of market-dominating positions	7
1.4 Exception for behaviour within the Grillo Group	8
2 Behaviour towards competitors	9
2.1 Cartel prohibition	9
2.2 Passing on confidential information	13
2.3 Permissible co-operation with competitors	14
3 Behaviour towards suppliers and customers	16
Preventing corruption	18
1 Prohibition of active corruption	20
1.1 Payments to employees or agents of other companies	20
1.2 Other personal advantages or benefits	24
1.3 Public officials	25
2 Prohibition of passive corruption	26
Preserving confidentiality and avoiding conflicts of interest	28
1 Preserving confidentiality	28
2 Avoiding conflicts of interest	30
Basic rules regarding on-site investigations by public authorities	31

INTRODUCTION

The Grillo Group (i.e. Grillo-Werke AG and all of its subsidiaries) strives for lawful behaviour, fair competition and compliance with high ethical standards. As a company with a long tradition, we place emphasis on our good reputation in the market, the dedication of our employees and the quality of our products, but not on unfair or unlawful practices.

Unlawful behaviour such as price-fixing arrangements or corruption can have grave consequences for the company and the employees involved. Accordingly, we expect all employees to behave lawfully when performing their work. Because the initiation of official investigations can already harm a company's reputation, even the appearance of unlawful behaviour has to be avoided.

These Guidelines apply for all officers and employees worldwide. In this context, it is irrelevant whether in some states or industries dubious practices are common or even expected by business partners. In no way does questionable behaviour by other companies justify any deviation from these Guidelines.

These Guidelines focus on the areas of competition law and corruption prohibition. In addition, further provisions are to be adhered to, particularly in the areas of health and safety in the workplace.

All employees are obliged to familiarise themselves with the Guidelines and to act in accordance therewith. The guiding principle here is that there should be no difference between what we say and what we do. In the event of ambiguities or in cases of doubt, your superior or company management is to be approached in a timely manner. This also applies if employees notice the possible occurrence of competition law-breaching or corrupt behaviour by authorised agents, business partners or competitors of the Grillo Group. It is important that the company management be informed about such behaviour, so that they can appraise potential risks for the Grillo Group and take countermeasures if necessary.

Officers are obliged to ensure compliance with the Guidelines in their area of responsibility and to be available to their employees as a contact partner. In cases of doubt, they must contact the company management. The company officers' supervisory obligation does not release the other employees from their personal obligation to comply with the Guidelines.

The Board of Directors

Duisburg, in March 2009

PREVENTING BREACHES OF COMPETITION LAW



The Grillo Group complies with the competition law in all of the states in which it exercises its activity. It does not tolerate competition law-breaching behaviour by its employees and officers or by its business partners.

Competition law-breaching behaviour can have grave consequences for companies and their employees. Companies particularly face fines amounting to millions, compensation claims and the invalidity of contracts. In addition, lasting harm is done to the company's good reputation in the market. Employees involved particularly face personal fines, as well as prison sentences and financial penalties in some states. Moreover, there are employment-law consequences. Accordingly, preventing competition law breaches is of great importance for the Grillo Group and its employees.

Currently about 90 states have enacted competition legislation. These laws usually apply for all types of behaviour which have an impact in the respective state. If companies enter into agreements abroad which restrict competition in a state, they are likely to breach the competition law of that state. The following rules pertain to German and EU competition law; the competition laws of other states frequently contain similar rules. An overview of the fundamental competition law rules is given below, but this cannot cover every conceivable example or case. In the event of ambiguities and in cases of doubt, your superior or company management is to be approached without delay.

1 Basic rules

Competition law protects free competition between companies. In principle it prohibits ways of behaving which restrict freedom of competition. The formal configuration thereof is less important (e.g. designation of a contract); rather, the economic effect is what is predominantly relevant.

Three basic rules are to be adhered to:

1.1 No competition-restricting arrangements with competitors

In principle, competition law prohibits all types of agreements or concerted practices with competitors which have as their object or effect a restriction of competition. They are void and can lead to high fines and other sanctions.

Agreements concerning prices, customers, markets, etc. (cartels) are always forbidden and lead to high fines. This is to be differentiated from co-operations between competitors in other areas, e.g. regarding the development of new products, where the overall economically positive impacts can outweigh the competition restrictions. The question as to whether such co-operations are permissible is to be examined in each individual case.

1.2 No excessive restriction of suppliers and customers

The fundamental prohibition of competition-restricting behaviour also applies in the supplier-customer relationship. Competition law prohibits excessively restricting the competitive freedom of suppliers or customers, e.g. when configuring prices or choosing customers in connection with the onward sale of products purchased. Such agreements are void and can lead to high fines as well as compensation claims.

1.3 No abuse of market-dominating positions

It is forbidden for companies to abuse a market-dominating position or other special market power (e.g. in the relationship with suppliers which are financially dependent on them) if other companies (e.g. customers, competitors, suppliers) suffer disadvantages as a result. Such behaviour is void and can lead to sanctions. Competition authorities frequently presume a market-dominating position if a company achieves a market share of one third or more.

Abuse of a market-dominating position is often deemed to occur if companies with a strong market position do any of the following, for example, without having an objectively justified reason:

- refusing to supply individual customers,
- applying different conditions to comparable transactions with different partners,
- bundling different transactions,
- impeding competitors.

If the Grillo Group can be regarded as market-dominating or having a strong market position in an area and a business measure might be classified as abuse, then it must be agreed upon with the superior or company management in advance.

1.4 Exception for behaviour within the Grillo Group

The prohibitions named in 1.1 to 1.3 above only apply between independent companies. The Grillo Group is regarded as a single company whose business areas and subsidiaries may coordinate and agree among themselves upon their market behaviour if no coordination and agreement with companies outside the Grillo Group takes place.

Behaviour towards competitors



2 Behaviour towards competitors

When there is contact with competitors, it must always be ensured that no cartel arrangements (2.1) or passing on of confidential information (2.2) take place. In contrast, other forms of co-operation can be legal (2.3).

2.1 Cartel prohibition

Cartels are agreements or coordinated practices between current or potential competitors which affect the market behaviour of the companies. They are essentially prohibited, and if discovered lead to grave sanctions for the companies and employees involved. If the arrangements concern tenders in the context of public or private calls for tenders (bid rigging), jail sentences or fines can also be imposed upon the employees involved.

In particular, agreements or coordinated practices regarding the following are prohibited:

- prices (e.g. price components, calculation formulae, time and amount of price increases, discounts, surcharges)
- other terms and conditions (e.g. delivery periods, transport conditions, warranty, payment terms)
- customers
- geographic and product markets (e.g. allocating particular areas or products to individual manufacturers)
- quotas
- production (e.g. production quantities, utilisation, stockpiling)
- boycott measures against suppliers or customers.



Examples:

- A competitor would like to hold talks as to who should preferentially supply which customers. The talks would be considered as an illegal allocation of customers and lead to high fines.
- Competitors discuss amongst themselves what formulae should be used to calculate daily prices for a product and what discounts should be granted. The end prices are not fixed and remain different from vendor to vendor. Nevertheless, this also is a form of illegal price-fixing.
- A customer asks several suppliers to make offers. The suppliers coordinate which of them is to receive the order. This is also a grave example of a breach of competition law. If the arrangements are made as part of a public or private tendering procedure, the employees involved may be liable under criminal law as well.



Cartels can be created through formal agreements, but also through informal behaviour (e.g. competitors exchanging ideas). Concerted behaviour is also forbidden. This exists in particular if companies inform each other about their market behaviour so that they can orient their behaviour towards that of the competitors.

Examples:

- Employees of competitors go out for a meal after visiting an industrial trade fair or association meeting and discuss inter alia potential price increases. Such discussions have been sufficient to cause the competition authorities to impose fines, because confidential sales information between competitors was exchanged and thus coordinated behaviour was made easier.
- A company sends its new price list not only to its customers, but also to competitors. Competition authorities regard such behaviour as a forbidden "signal to the competition" to configure its prices in a similar way.

In addition to actively taking part in agreements, the purely passive attendance of meetings at which there are discussions concerning competition law-breaching subjects is also forbidden. This is the case even if agreements made are not subsequently implemented.

Example:

- A Grillo Group employee takes part in an association meeting at which competitors discuss their pricing, production quantities or customers. S/he does not take part in the discussion and the Grillo Group does not change its business policy thereafter. Nevertheless, the employee and the Grillo Group face fines unless the employee immediately left the meeting and the Grillo Group expressly distanced itself from the talks.

Accordingly, meetings with competitors are only permitted if there is no discussion concerning subjects which are problematic from a competition law perspective and this can also be proven in the event of investigations. The following rules apply:

- In the case of events with a programme (e.g. association meetings), participation is only permissible if a written agenda is available in advance. It is to be checked in advance for problematic points (e.g. "discussion about the market development"). In cases of doubt, the company management must be contacted.
- If there is discussion at the event concerning subjects which are problematic from a competition law perspective, insist that these talks be stopped immediately.
- If this request is not met without delay, leave the event, have this noted in the Minutes and inform the company management immediately.

2.2 Passing on confidential information

Competition law requires companies to determine their company policy independently from each other, i.e. without exchanging confidential information among each other. In particular, the exchange of market-relevant information (e.g. prices, customers, production, utilisation rates) is illegal. Other forms of information exchange can be legal, e.g. notification of company key figures to an association which compiles anonymised statistics therefrom.

The question as to whether passing on information is permissible depends on several factors and can only be appraised in each individual case. The following rules apply:

- Confidential information of the Grillo Group may only be passed on to competitors or third parties (e.g. industry associations, market research companies) after express prior consent has been obtained from the company management (Board of Directors, Managing Directors, Compliance Officer).
- It is permissible to receive information concerning competitors (e.g. offers or price lists) from customers. In such case, no coordination or collusion between competitors takes place, but rather the customer decides that the Grillo Group should be given the information. However, so that there is no sinister appearance of an exchange between competitors, it should always be noted on the documents received from customers when, from whom and in what context those documents were received.

Examples:

- An industry association or a market research company asks you to send information about production quantities and prices in order to compile statistics. Such statistics can breach competition law. Accordingly, participation is only possible after the company management has given its express consent.
- A competitor sends you an offer which it has submitted to a common customer. This is an illegal exchange of information between competitors. Inform the company management without delay.
- In the context of price negotiations, a customer sends you the offer made by a competitor in order to persuade you to grant a price discount. Because it comes from a customer, the offer can be received. It is to be noted from whom, when and in what context it was received.

2.3 Permissible co-operation with competitors

Competitors may work together if no grave restrictions of competition arise and the overall economically positive effects (e.g. development of new products) outweigh the competition-restricting impacts.

Co-operation in the following areas is frequently in compliance with competition law:

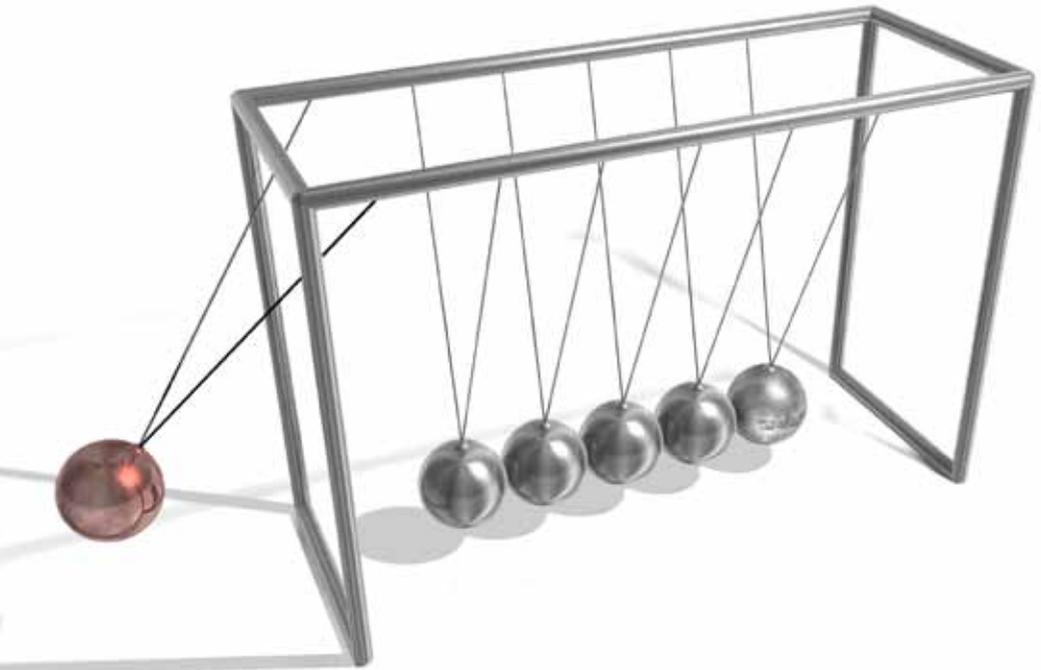
- **research and development**
- **norms and standards**
- **licensing**
- **specialisation**
- **purchasing.**

Permissibility is dependent on several factors, which can only be appraised in each individual case. Before commencing a co-operation, therefore, express consent is to be obtained from the company management.

A company may also supply or purchase products from its competitors, provided that competition is not appreciably restricted thereby. In particular, the supply relationships may not lead to a coordination of competition behaviour which goes beyond this.



BEHAVIOUR TOWARDS SUPPLIERS AND CUSTOMERS



3 Behaviour towards suppliers and customers

Agreements between companies which are active at different business levels are usually permissible per se from a competition law perspective. They can, however, contain provisions which excessively restrict the competitive freedom of one of the parties involved, and can therefore be problematic under competition law.

In principle, the following are illegal:

- restricting the purchaser's freedom to configure the price or other conditions on which the purchaser resells a product (resale price-fixing)
- restricting the area in which the purchaser may resell a product if customers approach the purchaser of their own volition (passive sales).

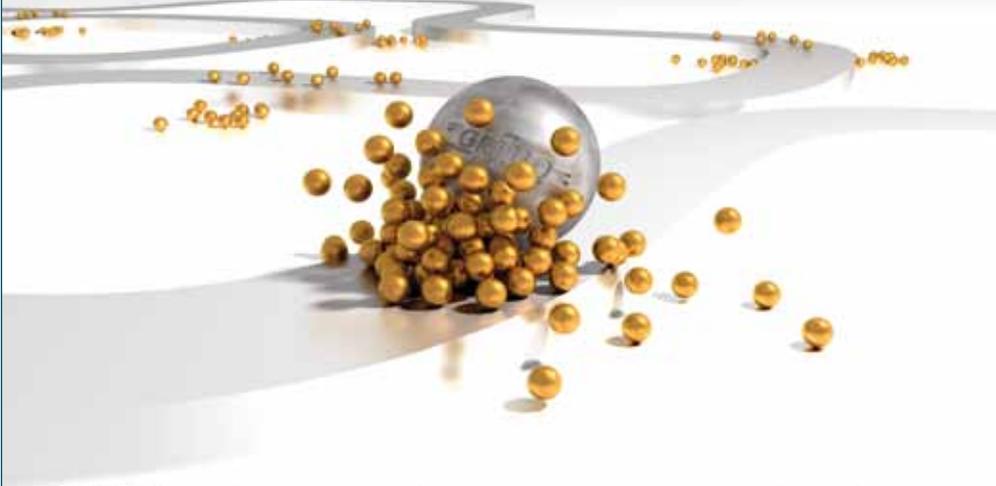
In the case of other provisions, it depends on the circumstances of the individual case whether they are legal or not. These include:

- obliging a customer to purchase 80% or more of its entire requirements in a market from one manufacturer
- obliging a supplier to supply a product only to particular customers (or only one customer)
- other exclusivity and non-competition clauses
- restricting the customer's use of the product purchased (apart from resale price-fixing, which is always impermissible – see above).

The company management's consent is to be obtained before such provisions are agreed upon.

The above-named prohibitions do not apply in the Grillo Group's relationship with true commercial agents. These are commercial agents which do not acquire any ownership of the products sold and do not bear any financial risk in connection with the sale, apart from their commission risk.

PREVENTING CORRUPTION



The Grillo Group rejects corrupt behaviour and does not tolerate such behaviour by its employees or by its agents or business partners. This applies for the bribery of business partners or public officials (active corruption) as well as for the requesting or acceptance of bribes (passive corruption).

Corrupt behaviour can have grave consequences for companies:

- monetary fines
- forfeiture and state confiscation of customer payments
- reclamation claims by customers
- compensation claims by customers and competitors affected
- voidness of agreements entered into
- lasting damage to reputation.

Employees who are involved in corrupt behaviour face personal sanctions:

- jail sentences and monetary fines
- personal compensation claims
- occupation bans
- employment-law consequences.

Corrupt behaviour is frequently accompanied by other criminal acts, e.g. criminal breach of trust and taxation offences, which can lead to further sanctions. Accordingly, it is very important for the Grillo Group and its employees to avoid corrupt behaviour. Because the initiation of investigations alone can damage the company's good reputation, even the sinister appearance of corrupt behaviour is to be avoided.

Not only direct forms of corruption are forbidden, but also indirect forms, for example the routing of impermissible payments to the recipient via family members, advisors or other intermediaries.

The Grillo Group adheres to the corruption prohibition in all states in which it exercises its activity. This also applies for states in which corrupt behaviour is punished less severely than in Germany or is even regarded as usual. The corruption prohibition applies pursuant to the laws of Germany and of many other states, including for behaviour which takes place abroad, even if that behaviour should be usual there. The following rules are based on German criminal law; the provisions enacted by other states are similar in many cases.

1 Prohibition of active corruption

It is forbidden to offer, to promise or to grant inappropriate personal advantages to employees or agents of domestic or foreign companies. In principle, domestic or foreign public officials may not be offered, promised or granted any personal advantages at all.

If the Grillo Group works together with commercial agents or advisors, it is to be ensured that such agents or advisors do not behave corruptly. In particular, no personal advantages for business partners or public officials may be granted indirectly via third parties.

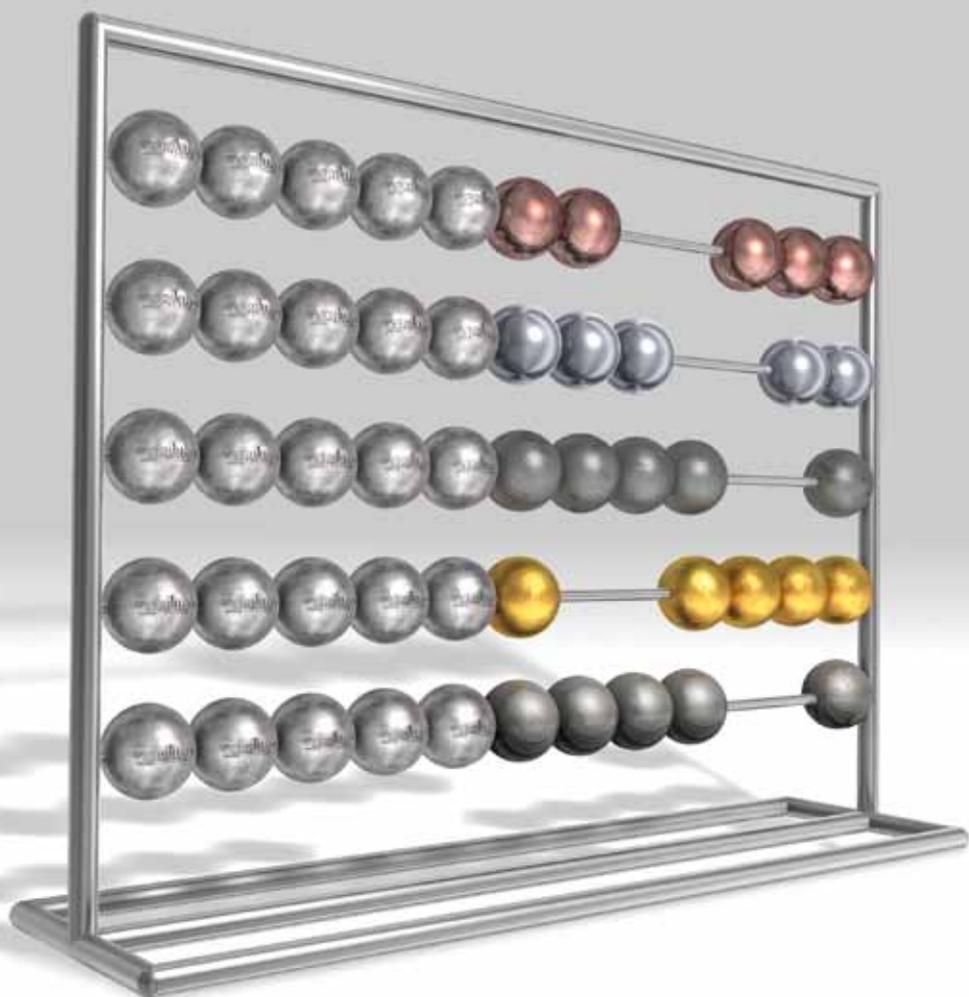
1.1 Payments to employees or agents of other companies

The Grillo Group and its employees do not make any payments which might personally benefit the employees or agents of other companies. They do not offer or promise such payments.



What is impermissible in particular are payments to employees or agents of other companies as well as people close to them as “consideration” for the granting of advantages, e.g. placing an order or awarding a contract. In order to avoid the sinister appearance of such so-called kickbacks, payments to customers (but not to employees) are only permissible if the following prerequisites are fulfilled:

- There is a legitimate reason for the payment, e.g. a quantity discount agreed upon in advance. This payment reason must be documented in writing.
- The customer has requested the payment in writing, naming the reason for payment, the amount and complete transfer details which show that the account holder is the customer company. It is also permissible to use the customer's usual bank account.
- The bank to which the payment is to be made has its headquarters in the customer's state.
- The payment request is made by a customer company executive (e.g. head of purchasing).
- The payment is made in full through transfer into the customer's bank account. Payments in cash or into other bank accounts are not permissible.
- There are no indications that the payment will not reach the customer company but instead will go to an employee personally.



The documents named (payment request by the customer, including transfer information, transfer documents) are to be kept for ten years.

Examples:

- An annual rebate amounting to 2% is agreed upon with a customer, which is to be paid at the end of the year. A representative of the customer notifies on official letterhead the bank account into which the rebate is to be paid. The holder of the bank account is the customer company. The rebate can accordingly be paid, unless there are indications that the payment will reach a company employee or agent personally.
- As before, but the customer's employee gives new bank account details by telephone. Here it cannot be excluded that this might be a personal bank account. The payment can only be made when a representative of the customer has notified the new bank account details on official letterhead and it is certain that the customer company is the bank account holder.
- An employee of a customer indicates the prospect of the placing of an order or the granting of a contract. As "consideration" s/he requests a payment into his or her personal bank account or in cash. This would constitute a kickback. The employees involved would make themselves subject to criminal prosecution by offering, promising or making the payment. The Grillo Group would also be faced with grave sanctions.

1.2 Other personal advantages or benefits

Other personal advantages or benefits, such as invitations or gifts, may only be granted to employees or agents of other companies if in the specific circumstances the impression cannot arise that “consideration” is expected by the recipient.

The question as to whether this is the case depends on the following factors in particular:

- total value of all of the advantages or benefits granted to one person
- temporal proximity to a business decision important for the Grillo Group and on which the recipient might have influence
- frequency of the granting of advantages or benefits
- recipient’s position at his or her company
- social appropriateness of the advantage or benefit.

In no case may cash be given. Gifts or invitations should be sent to the business address, and may only be sent to the private address in justified exceptional cases, which are to be agreed upon with your superior. They may never be made surreptitiously or covertly. Only in justified exceptional cases may spouses or relatives of business partners be given advantages or benefits.

Examples:

- A Grillo Group employee treats a customer's head of purchasing to a meal at a gourmet restaurant shortly before a decision is made about the prolongation of a contract. The temporal proximity to the decision about the contract prolongation and the high value make the invitation unlawful.
- A Grillo Group employee gives a customer's employee a □30 bottle of wine for Christmas. The value of the gift is not inappropriately high and it is socially acceptable to give gifts to business partners for Christmas within certain parameters.
- After a business meeting, employees acting in the name of the Grillo Group treat representatives of a customer to a usual business meal. In view of the moderate value of the invitation, there are no concerns, provided that such invitations are not repeated too frequently.

If it is unclear whether invitations, gifts or other personal advantages or benefits may be granted, the company management is to be approached in advance.

1.3 Public officials

Other than in the private sector, the granting of personal advantages or benefits to public officials is impermissible in principle, even if the advantages or benefits only have a low financial value. Particular examples of public officials are domestic and foreign civil servants, soldiers, holders of public office or government officers. What is permissible is offering simple food and beverages at more lengthy meetings, if the officials do not raise any objections.

2 Prohibition of passive corruption

In principle, employees and agents of the Grillo Group may not request or allow themselves to be promised personal advantages, either for themselves or for people close to them (e.g. family members), by current or potential business partners. Such advantages may only be accepted if no impression is conveyed thereby that “consideration” might be expected in return.

As is the case with the prohibition of active corruption, the specific circumstances of each individual case are decisive, particularly:

- the total value of all of the advantages granted
- the temporal proximity to a business decision on which the recipient might have influence
- frequency of the granting of advantages
- the recipient's position within the Grillo Group
- the social appropriateness of the advantage.

As a rule of thumb, personal advantages to the value of more than €50 should in principle only be accepted after consultation with your superior.

Cash may not be accepted, and personal advantages for family members may only be accepted in justified exceptional cases.

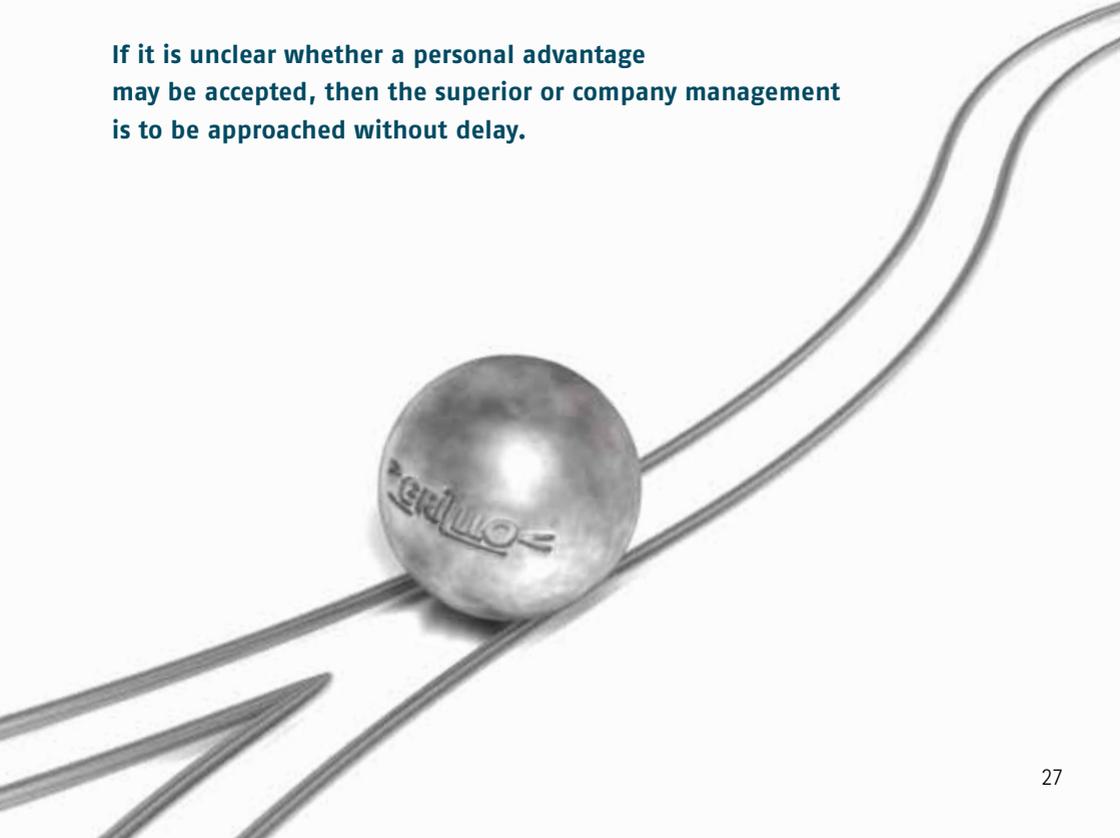
Gifts and invitations should only be accepted if they are sent to the business address.

If they are sent to the private address, your superior is to be informed. Your superior is also to be informed if you are invited out to a meal, an event or a show at another party's expense.

Examples:

- A supplier sends a Grillo Group employee a high-value set of suitcases to the employee's private address. The value of this gift is substantial and therefore it cannot be accepted. The employee's superior is to be informed.
- A Grillo Group employee and his wife are invited by a supplier to the latter's company jubilee, which will be celebrated on the occasion of an evening event with dancing. While the invitation entails a significant value, such event will only be held once and has no connection with a business decision by those being invited. It is customary to invite spouses to events where there is dancing. The invitation may be accepted, but should still be agreed upon with the superior.

If it is unclear whether a personal advantage may be accepted, then the superior or company management is to be approached without delay.



PRESERVING CONFIDENTIALITY AND AVOIDING CONFLICTS OF INTEREST

1 Preserving confidentiality

Grillo Group employees must handle internal company information confidentially and ensure that such information does not become known to or accessible for unauthorised third parties.



Such information particularly includes:

- information concerning products, raw materials, processes, development activities, computer systems, unless this is usually made known to third parties (e.g. customers)
- commercial information such as purchase prices, calculations, costs and financial data
- personal information, e.g. employee names and functions
- information concerning the business policy and strategy of the Grillo Group.

Such information may only be passed on or made accessible to third parties after your superior's express consent has been obtained. When making his or her decision, your superior must carefully weigh up the reasons in favour of the disclosure against the Grillo Group's confidentiality interests. In cases of doubt, the company management must be consulted in advance.

In the case of research, development or product co-operations with other companies, it is to be ensured that the co-operation partners sign a written confidentiality agreement in advance.

2 Avoiding conflicts of interest

Employees are obliged to avoid as much as possible any potential conflicts between their private interests and the interests of the Grillo Group. Such conflicts of interest can arise, for example, if Grillo Group employees or close family members:

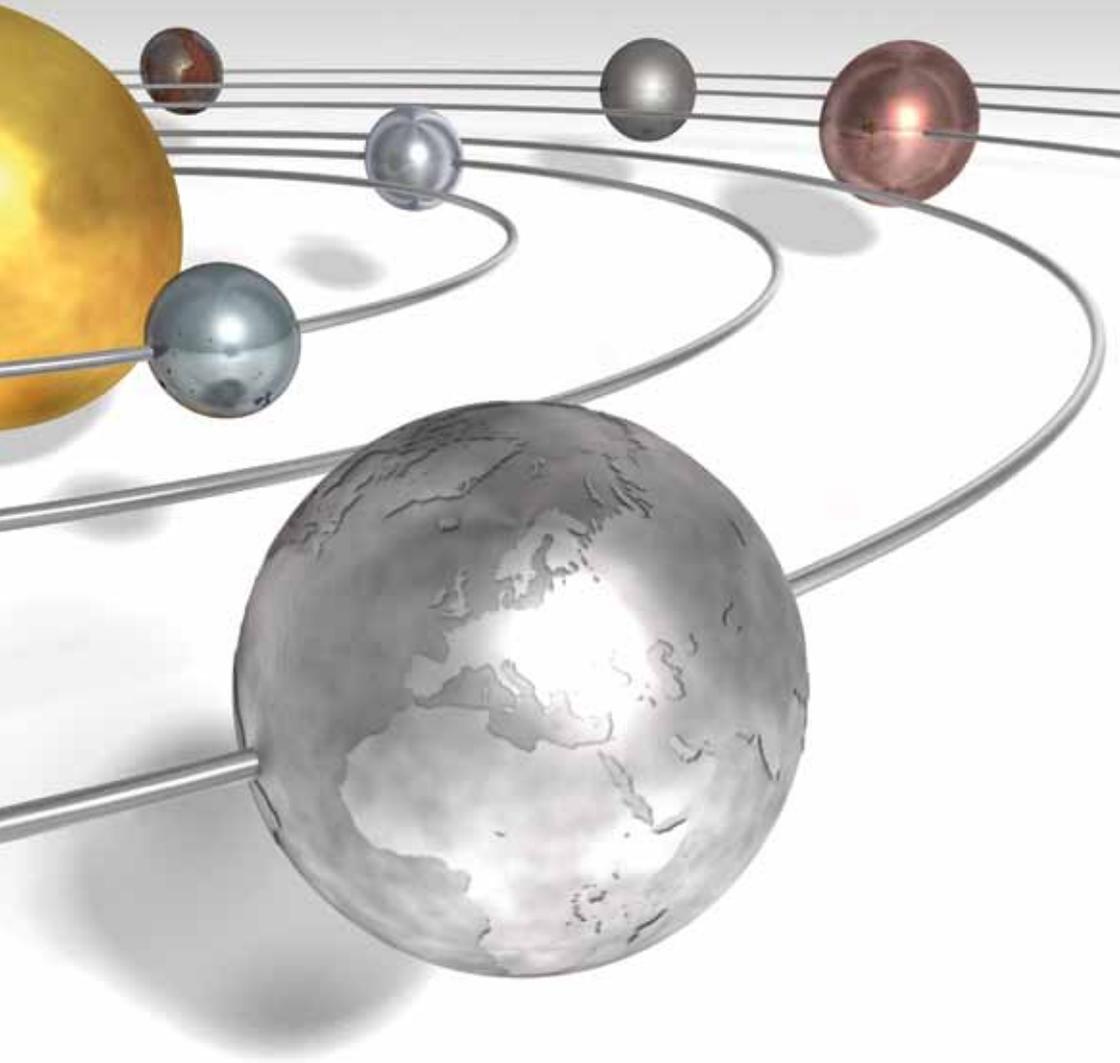
- are employed by a business partner or competitor of the Grillo Group or participate in such partner or competitor to a significant extent, or
- work as advisors or commercial agents for companies which are business partners or competitors of the Grillo Group.

In such cases, the interests of the Grillo Group might be detrimentally affected or the sinister appearance of a conflict of interests might arise. In order to avoid this, potential conflicts of interest are to be disclosed to your superior or the company management at an early stage so that ways of avoiding a conflict can be sought.



Basic rules regarding on-site investigations by public authorities

- Treat the officials politely and act calmly.
- Inform without delay the local company management, Dr Lothar Konrad (Chief Compliance Officer, Tel.: +49 203 5557-220 or +49 171 3080941) and/or attorney Dr Axel Kallmayer, Kapellmann und Partner, Tel. +49 2161 811-614 or +49 172 2119 415.
- Do not destroy, modify or hide any written or electronic documents.
- Do not inform any other company or companies potentially affected by the investigations.
- Have the legal basis for the investigations (e.g. search warrant) presented to you and make copies for the Management Board.
- Clarify with the officials what accusations the investigations are based on (nature of the alleged breach of the law, products involved and time periods).
- Make sure that during the investigations, the officials adhere to the framework which is laid down for them by the legal basis for the investigations. Object if the officials go beyond that framework. Have your objection recorded.
- Ensure that every official is accompanied by an employee who records the investigation measures.
- Make copies of all written or electronic documents which the officials copy or seize. Agree on this with the officials beforehand.
- Only answer the officials' questions about the accusations if you are certain of the reply. Avoid speculations or estimations. If possible, questions should only be answered after consultation with a legal counsel.



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