

COMPANY POLICY

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Please consider that the English version is a "convenience translation".

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Why be concerned about Company Policy?

Our organization has built a reputation as a reliable and trustworthy partner over many years. But the improper actions of just one employee can damage that reputation in the blink of an eye. We must prevent this. Therefore, our employees' actions must be guided by the principles set forth in this Company Policy. Remember that the way each employee conducts the company's business can affect Hug Chem's public image. Observing the Company Policy also protects the employee and his or her professional and personal environment.

Company Policy refers to the lawful and proper conduct of the company's business. Each employee is obligated to obey all applicable laws and company guidelines in his or her work for Hug Chem.

The Company Policy serves as the basis for this. It does not, however, cover all conceivable situations or describe all of the particular rules that must be followed. Furthermore, the law in some countries may prescribe stricter standards than those set forth here, in which case the stricter standards govern.

Unlawful and unethical behavior can have far-reaching consequences for the company, including:

- Criminal penalties
- Administrative fines

- Civil and punitive damages
- Seizure of profits
- Exclusion from contracts
- Termination of business relationships
- Attempted extortion
- Harm to our image
- Negative perceptions by the capital market

Individual employees who violate the principles of this Company Policy also face serious consequences, such as fines or imprisonment, claims for damages, sanctions under labor law and possible termination of employment.

Employees who disobey the rules cannot claim to have been acting in Hug Chem's interests, because any Policy violation ultimately harms the company. In view of the possible consequences, any advantage somebody purports to have gained in a specific situation can never, not even economically, be advantageous to the company as a whole.

Hug Chem desires to succeed in the competitive arena by being innovative, quality-driven, reliable and fair. If the only way to close a deal is by acting in a way that is illegal or unethical, we will forego the deal. An employee who declines business in such circumstances will never suffer retaliation as a result.

We are continuously in the public eye. By systematically implementing this Company Policy, we show the media, our investors, competitors, the authorities and our business partners that Policy is an integral part of our company culture.

Hug Chem is a globally active company. Our employees, therefore, are exposed to a wide variety of norms and ethical principles, some of which are often unfamiliar to them. What at first sight appears to be a purely local matter may also be subject to the laws of a foreign jurisdiction. This Company Policy is intended to provide employees with basic rules for their daily work and thereby help them avoid violations. By definition, its focus is limited to areas of particular practical significance. However, it should also encourage employees to familiarize themselves with the rules and processes that affect them and to seek counsel in case of doubt. Ignorance is no defense against the potential consequences of breaking the rules. For support, employees can turn to their supervisors, their respective Policy Officer or any of their company's specialist departments (Law, Patents & Policy, Product Stewardship & Regulatory Affairs, Company Audit or Company Security). Employees should especially avail themselves of these resources when others may be harmed, they themselves are in danger, a high degree of risk is involved or the legal situation is unclear.

Our Principles of Business Conduct

1 We are committed to fair competition – no antitrust violations

Hug Chem is a firm supporter of the free market economy. Antitrust law is the free market's most important tool for ensuring fair, unrestricted competition.

Violations of the antitrust laws of the individual countries and regions in which Hug Chem does business, including, in particular, U.S. and European antitrust laws, can have dramatic consequences for the company. As mentioned in the introduction, we could face a variety of negative repercussions, including serious fines, lawsuits, exclusion from public contracts and harm to our reputation.

Employees who violate antitrust laws also face severe external repercussions, including possible imprisonment. Internally, Hug Chem will not show any leniency towards employees who disregard antitrust laws. Even if a business matter runs into difficulties through no fault of the employee, resorting to unlawful agreements with competitors is not acceptable. Policy is the only permissible course of action, even in a crisis.

The “effects doctrine” of antitrust law is particularly important to note. According to the effects doctrine, determining the occurrence and punish ability of an antitrust violation does not depend only on the jurisdiction in which the violation occurred. In some cases, causing an adverse effect on competition in another jurisdiction may constitute an antitrust violation.

Antitrust law protects competition in three ways:

- By forbidding collusion among competitors and anticompetitive arrangements among suppliers and customers, as discussed below in Section 1.
- By forbidding the abuse of a dominant market position, as discussed below in Section 1.2
- By overseeing the acquisition and sale of companies as well as other business combinations (merger control), as discussed below in Section 1.3

1.1 Antitrust violations

The major types of antitrust violations include:

- Price fixing
- Allocating market shares
- Agreements on production capacities
- Allocating geographical markets
- Allocating customers
- Dictating or controlling a customer's resale price

Any kind of concerted actions, informal talks or “gentlemen’s agreements” that are intended to restrict competition or may have the effect of doing so are prohibited. Employees must not even give the appearance of being a part of any such conspiracy. Acting in concert with other bidders when competing for contracts from the private sector or public sector is not only an antitrust violation, it is a criminal act. Please involve the legal department when entering into or contemplating any kind of agreement with a competitor, even if the subject matter of the agreement lies outside of the area in which Hug Chem and the other party compete.

Trade association meetings provide the opportunity to get together with competitors and discuss matters of mutual interest. This is quite legitimate, provided, however, that the limits imposed by antitrust law are respected. Accordingly, employees should normally consult the legal department before participating in such meetings or joining trade associations.

Care is called for in the mere handling of market information. Market research is indispensable and, of course, legal as a rule. However, not all information gathering techniques, such as certain organized market information systems, are suitable for this purpose. Benchmarking with competitors is also permissible in principle. But in all these cases there are certain acknowledged “rules of the game” to ensure that information which is sensitive from an antitrust viewpoint is given in a sufficiently anonymous manner that its origin cannot be identified and it therefore cannot influence current market developments. For example, we are not allowed to exchange information concerning customer relationships, prices, imminent price changes or the like with our competitors, nor are we permitted to disclose our own calculations, capacities or plans to competitors.

Finally, bear in mind the provisions of antitrust law when negotiating the terms and conditions of agreements where Hug Chem acts as a customer or supplier. Clauses that impact resale prices, restrict use or resale, or stipulate exclusive arrangements always require legal review.

1.2 Abuse of market power

Dominant market positions are by no means illegal per se if they accrue, for example, from our own achievements. In addition, patents provide legally protected monopolies for certain periods of time. A company is said to dominate a market when it has no substantial competition in that market. The behavior of companies with dominant market positions is subject to particularly strict antitrust controls as a means of compensating for this lack of competition. Dominant market positions must not be abused, that is they must not be exploited in ways that would be unfeasible or at least unrealistic in a true competitive environment.

Companies with a dominant market position may not deliberately undercut competitors’ prices with the aim of driving them out of the market. Nor may they execute agreements with customers that contain contract periods, exclusive arrangements, discount offers or package deals that make it impossible for their competitors to effectively vie for the same customers’ business. Companies may not abuse dominant market positions in their relationships with customers either, for example by demanding prices that are not economically justified. Hug Chem employees must seek legal counsel anytime they

suspect that certain steps are being taken or certain terms enforced because of a dominant market position.

1.3 Observing merger guidelines

Business divestitures, acquisitions and joint ventures generally require the approval of domestic and foreign antitrust agencies once the volume of the deal reaches a particular threshold. Failure to follow the corresponding registration requirements can result in steep fines and, more particularly, render the deal null and void. In order to ensure that registration requirements are adequately accounted for during planning, the legal department must be involved at an early stage.

2 We are committed to integrity in business dealings – no corruption

Hug Chem will not tolerate corruption.

Corruption is contrary to fair competition and harms the company's economic standing and reputation. In addition, many countries treat corruption as a crime, regardless of whether the actual act takes place in their jurisdiction or in another country.

Thus, Hug Chem employees are strictly prohibited from attempting to unlawfully influence business partners, whether through favors, gifts or the granting of other advantages, anywhere in the world. This rule particularly applies to dealings with individuals acting on behalf of government agencies or other public institutions.

Hug Chem will not entertain any business deals that involve breaking the law or violating company rules relating to the granting of favors, mindful of the fact that some business may be lost as a result. No amount of potential additional revenues or earnings can justify illegal business practices. This applies without exception throughout the Hug Chem Group. No employee, regardless of the country in which he or she works, is entitled to violate the law or company policy.

Any gift, even those given indirectly (for example to friends, relatives or associations), is considered an advantage. Examples include: cash, invitations to events, airline tickets, hotel stays, employment for friends or relatives, special personal favors and even the provision of expensive food and drink.

The granting of gifts must take place in Policy with the law as well as Hug Chem's internal guidelines. If stricter rules and laws exist, then the stricter standard must be observed. Hug Chem employees are not allowed, under any circumstances, to offer or grant gifts of cash, or gifts equivalent to cash, to any public official.

In dealings with business partners, employees must avoid granting any gifts in connection with the negotiation, award or performance of a contract, and any gift granted or accepted must be of a size deemed unobjectionable under the laws applicable to both the giver and the recipient. In case of doubt, please contact the respective legal department.

3 We are committed to the principle of sustainability – no inappropriate risks for human health and the environment

Hug Chem is well aware of the company's goal to protect the environment and the health and safety of everyone who comes into contact with our products. This is extremely important to the way we conduct business.

The company develops and markets products aimed at serving people and the environment. In keeping with this work, Hug Chem acknowledges its duty to help meet the economic, ecological and social needs of present and future generations. In other words, we are committed to sustainable development.

3.1 Product stewardship

Ensuring the proper use of our products requires monitoring them over their entire product life cycles. Addressing potential risks responsibly is particularly important. Once a potential risk related to the handling of one of our products is identified, the appropriate persons within the company are to be notified immediately. The purchaser of the product must be advised of risks associated with its use, and every product must bear the appropriate warning labels.

An essential component in the development of any product or new technology is assessing the potential risks and benefits of the product or new technology. Employees must observe all applicable laws regarding all aspects of the manufacture, testing, storage, import, export or commercialization of our products.

All laws and regulations also must be observed when handling hazardous materials. Prohibited materials may not be manufactured or brought onto company premises.

3.2 Environmental protection

Ensuring the proper use of our products requires monitoring them over their entire product life cycles. Addressing potential risks responsibly is particularly important. Once a potential risk related to the handling of one of our products is identified, the appropriate persons within the company are to be notified immediately. The purchaser of the product must be advised of risks associated with its use, and every product must bear the appropriate warning labels.

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3.3 Plant Safety

Industrial plants and installations require careful planning and regular, systematic inspection and servicing in order to prevent malfunctions, accidents, releases, and major hazards. Employees who work in our plants must be thoroughly trained, be given detailed working instructions and be properly supervised.

3.4 Occupational Health and Safety

Maintaining the health of our employees is in everyone's – the employees' and the company's – best interests. Line management receives support in preventing accidents and illness from specialists in occupational medicine and safety who strive to maintain and improve safety and health.

Occupational health and safety regulations help to ensure this. Employees share in the responsibility for occupational safety in the workplace. Sometimes accidents occur because we become less careful.

Extreme care must be exercised when dealing with potential sources of danger. Every employee is called upon to strictly and constantly observe all safety rules in his or her respective workplace: for his or her personal benefit, and for the benefit of colleagues and the company as a whole.

When an incident occurs, the responsible supervisors and safety representatives must immediately notify those units of the company responsible for health, safety and environmental protection. For this purpose, use of Hug Chem's early warning system is mandatory.

4 We are committed to upholding foreign trade laws – no export infractions

Hug Chem is committed to upholding all domestic and international foreign trade laws. We support the efforts of the international community to prevent the manufacture and proliferation of chemical, biological and nuclear weapons and their delivery mechanisms as well as to combat international terrorism.

All employees are required to observe the restrictions and bans on domestic and international trade in listed goods, technologies and services, particularly the provision of technical advice on the use of our products. Employees must also respect the trade bans and restrictions that are part of international embargos and international efforts to combat terrorism, including those which may affect payments and other movements of capital as well as those involving the reexport controls of the United States and other countries. Where employees retain doubts as to the legality of the use or distribution of a product or technology even after consulting the department responsible for matters of foreign trade law, they should forgo the business in question.

5 We are committed to safeguarding equal opportunity in securities trading – no illegal insider trading

Every Hug Chem employee is required by law to maintain secrecy with respect to any inside, non-public information about the company that could affect its stock price.

Using such inside information for personal gain or the gain of others is prohibited. Common examples of inside information include knowledge about the intended divestiture of parts of the company, the acquisition of outside companies, the formation of joint ventures, new findings regarding key products, or specific information about business developments which has not yet been made public.

Insider trading laws prohibit trading in securities on the basis of non-public information or the sharing of such information with third parties. In other words, insiders may not divulge non-public information to third parties, whether inside or outside of Hug Chem, except on a need-to-know basis under a contractual arrangement or based on legal or regulatory requirements and with reasonable measures in place to ensure that the information remains confidential and cannot be misappropriated by third parties.

6 We are committed to proper record-keeping and transparent financial reporting – no deception

An internal control system must provide for the proper documentation of an entity's key business processes and the establishment of controls to ensure that all transaction details relevant for accounting purposes are fully and correctly captured.

Files must therefore be complete, orderly and readily understandable. All records and files must be kept in such a way as to permit delegation to a colleague at any time. Employees should retain records for as long as statutory or internal provisions require, and must never destroy documents relevant to threatened or pending official or judicial proceedings.

Any item of correspondence, whether a letter, fax, email or even verbal comment, must be communicated in observance of proper etiquette and be clear and consistent in content so that it can be presented or surrendered to a third party (such as an investigative body, court of law, other governmental institutions or certified public accountants). Comments attributable to the company that are inappropriate, unclear, incomplete or made in haste may be extremely damaging because they can be misinterpreted, misused or taken out of context. Employees must be just as careful, courteous and efficient when using email and other forms of online communication as they would be in a letter or fax, particularly with regard to the forwarding of such communications and their distribution to multiple addressees.

The following guidelines are essential for ensuring accurate and timely financial reporting:

All items with accounting relevance must be supported by complete and correct documentation and entered into the books accordingly. The company's accounting records and related documents must fully and accurately reflect all business transactions and give a true and fair view of the company's assets.

Every employee tasked with presenting information that is relevant to our financial reporting and destined for public disclosure is responsible for ensuring that this information is complete and accurate. Employees must promptly notify their supervisors or the responsible Policy Officer if ever they have reason to doubt whether material business transactions have been correctly presented in the financial reporting.

Hug Chem provides its stockholders, financial analysts, investor associations, media outlets and the general public with regular, timely reports on the company's situation and material changes in its business so as to maintain the greatest possible degree of transparency. Hug Chem's reporting follows the guidelines specified in the German Company Governance Code, informing stockholders four times per year about the company's financial position, results of operations and cash flows. The annual financial statements are published within 90 days of the end of the respective fiscal year.

Hug Chem also makes use of the Internet as a way to provide interested parties with the latest company information. The Hug Chem website includes a Financial Calendar with important publication and event dates, including dates for the annual report, interim reports and the annual stockholders' meeting.

In the interests of fair disclosure, Hug Chem treats all of its stockholders and major target audiences the same when it comes to the provision of information and announces any important changes without delay. Stockholders are also given timely access to information that Hug Chem publishes outside of China in Policy with applicable foreign capital market regulations.

7 We are committed to fair and respectful working conditions – no discrimination

No person is to be unfairly treated, disadvantaged, favored, harassed or ostracized because of race or ethnicity, color, nationality, religion, ideology, gender, age, physical characteristics, appearance or sexual orientation or other protected classes in the particular country.

Everyone has the right to be protected against discrimination and harassment of any kind whether within Hug Chem or in their contacts with outside parties.

Hug Chem expects its employees to be friendly, objective, fair and respectful in their dealings with colleagues and third parties, including customers, suppliers and officials. By doing so, they also make an active contribution toward protecting Hug Chem's good reputation.

The responsibility for maintaining these standards of conduct rests with each and every employee, not just with supervisors. A violation of these standards will not be tolerated. Any conflicts should be referred to the employee's supervisor, the human resources department or the responsible Policy Officer, who, if necessary, will take the required action to appropriately address any wrongdoing and to prevent a repeat violation.

8 We are committed to protecting the fruits of our own endeavors and respecting the legally recognized rights of others – no infringement of our own or others' property rights

The results of our scientific research and technical development work are extremely valuable business assets.

Inventions, patents and other intellectual property are the "reward" for our endeavors and expenditures in the areas of research and development. They are extremely important to our company's future, as are our brands, the value of which may in some cases be substantial and the result of decades of effort and marketing expenditures. We must therefore take utmost care to ensure that our rights in the property we create enjoy full legal protection.

Trade secrets and new knowledge should not be passed on to third parties, much less made public, without the proper legal protection. The same care must be taken with information shared over the company's intranet.

No employee may create or dispose of Hug Chem intellectual property (for example: patents; marks, particularly trademarks; utility models and designs; copyrights) or execute an agreement or otherwise exercise discretionary authority over such property without the express written consent of the specialist company units responsible for these matters (Law, Patents & Policy).

Care should be taken to avoid any unintentional transfer of intellectual property through the negligent handling of company information in public, such as working with laptop computers in full view of others or making casual comments in public or in presentations. Business data must be protected against unauthorized access by third parties. No employee may make copies of business papers or data files other than for work-related purposes.

Employees must respect the valid, legally recognized property rights of third parties and may not use them without permission.

9 We are committed to keeping company and personal interests separate – no conflicts of interest

All employees must separate their own personal interests from those of Hug Chem.

During working hours, in particular, employees have a primary duty to promote Hug Chem's company interests. Conflicts of interest – or even the mere appearance of such conflicts – must be avoided. A list of typical areas of conflict is given below. Where a conflict appears likely, employees should seek assistance from their supervisor.

- Personnel decisions: A person's own individual interests or relationships must not influence personnel decisions.
- Business relationships with third parties: Business relationships with third parties must be formed on the basis of objective criteria (for example, price, quality, reliability, technological standard, product suitability, existence of a long-standing and trouble-free business relationship). The execution of a contract or continuation or termination of a business relationship with a third party must not be influenced by personal relationships, personal interests or tangible or intangible personal advantages. In particular, no employee may request or accept a favor for himself/herself or a third party in connection with the initiation, placement or handling of an order. Should an employee be offered a favor – such as a gift – it must be regarded as unobjectionable in the jurisdictions and in the respective internal regulations to which the person granting and the person receiving the favor are subject. The supply of products or provision of services to Hug Chem by companies that are controlled by Hug Chem employees or their close relatives must be subject to close scrutiny.
- Contracting of suppliers or other business partners of Hug Chem for personal purposes: If an employee wishes to place a personal supply or other business contract with a person or entity that also has a pre-existing business relationship with Hug Chem and that employee is in a position to directly or indirectly influence Hug Chem's business relationship with the supplier or business partner in question, the employee must consult his or her supervisor in advance and receive the supervisor's permission before placing the contract.
- Using the services of Hug Chem employees for personal purposes: Supervisors and managers may not abuse their authority by availing themselves of the services of Hug Chem employees for personal purposes.
- Use of Hug Chem property (for example, equipment, goods, vehicles, office supplies, documents, files, data storage media): Employees may not remove equipment, databases, programs or company papers belonging to Hug Chem from company premises without their supervisor's express consent, nor may equipment, databases or programs be used for private purposes except with the approval of the responsible unit (for example, where expressly permitted under a Group Regulation).
- Use of the Internet and email system: Hug Chem provides Internet access and electronic communications for business purposes. The occasional, only marginal use of the business Internet connection for private purposes during individual breaks is permitted. This permission may be revoked at any time. Private Internet use must be strictly limited in

duration and must not interfere with an employee's duties. Private use of the Internet is subject to the provisions of a Group Regulation. Use of the email system provided by Hug Chem is for business purposes only. The email system must not be used for private purposes.

- Outside employment: Any employee intending to accept employment with an outside company – even on a freelance basis – or to set up his or her own business must inform his or her supervisor and the personnel department. This applies particularly to positions with companies that already do business or compete with Hug Chem or might reasonably do so.
- Personal involvement in political parties or other social or political institutions: Hug Chem welcomes its employees' voluntary involvement in such organizations as long as it does not interfere with the performance of their duties for Hug Chem.
- Public expression of personal opinions by employees: When expressing their personal opinions in public, employees must not give the impression that these opinions represent the views of the company.
- Claiming and approval of expense reimbursements: Only expenses incurred on company business may be reimbursed by the company.

10 We are committed to cooperating with the authorities – no misinformation

The company endeavors to be cooperative in its dealings with all authorities and government agencies while at the same time defending its own interests and rights.

All employees responsible for collecting company information and communicating it to securities market authorities, to other regulatory authorities or for other public announcements should communicate such information completely, openly, correctly, timely and understandably. The responsible legal department must be notified immediately when employees are contacted by any authority, such as the police or public prosecutor's office, whose job it is to investigate possible legal violations or prosecute violators. In particular, information or documents should be provided only after consulting and with the assistance of the responsible legal department.

How does this policy affect each individual's daily work routine?

All Hug Chem employees must adhere to this Company Policy. It is intended to protect both the company and its employees.

This policy defines the framework within which Hug Chem employees can act with confidence and directly benefits them by, among other things, safeguarding the employees from discrimination and establishing rules for occupational safety. Its observance therefore is in the best interest of employees both as individuals and as important contributors to Hug Chem's success as a whole – success from which employees benefit.

Every employee is called upon to review his or her own behavior in light of the standards set forth in this Company Policy and to ensure that these standards are observed. Policy is factored into each employee's performance review as a matter of course.

Employees should bear in mind that there are specific laws and internal guidelines that address in greater detail the topics discussed here. Employees are required to familiarize themselves with the applicable laws and internal rules governing their areas of responsibility and to follow these laws and rules in their daily work. Any ambiguities should be clarified. In case of doubt, employees must refrain from any action that may be unlawful. The company provides its employees with access to all the necessary information resources and counsel to prevent violations of the law or company regulations. The provisions of this Company Policy take precedence over any conflicting instructions given by a supervisor.

In addition to support from supervisors, information resources are accessible via the intranet, and advice is available from the responsible Policy Officer or specialist departments such as Law, Patents & Policy, Company Audit or Company Security.

Supplementary information is available on the intranet under the heading "Policy."

Every supervisor must organize his or her area of responsibility so as to ensure adherence to this Company Policy and applicable law. In particular, supervisors must communicate the rules applicable in their areas of responsibility, monitor adherence to them and enforce them. Problems must be actively addressed and resolved.

Each supervisor is expected to set an example for his or her area of responsibility by acting with integrity and thereby ensure that Policy is internalized as a fundamental part of our company culture.

All employees are required to immediately report any violations of the Company Policy.

Violations of this Company Policy must be reported to the responsible Policy Officer. Employees may also notify their supervisor, Company Audit, or Law, Patents & Policy.

When employees suspect corruption or the intentional mishandling of company property or finances, such as the offering or acceptance of bribes in business dealings, or embezzlement, fraud or breach of trust, they must immediately report the matter directly to Company Audit.

Promptly reporting this kind of information is likely to save the company from suffering additional, more serious harm or at least mitigate the damage. For this reason employees should direct this kind of information to the individuals and departments mentioned above, because they are most capable of taking the necessary legal steps.

The company also offers ways of reporting suspected Policy violations anonymously, for example via a telephone hotline.

The company will ensure that no employee is in any way disadvantaged because he or she, acting in good faith, reports a possible Policy violation. When the reporting employee is himself/herself involved in a violation of this Company Policy, the company, in determining any action to be taken against that employee, will consider whether or not the report and any timely assistance given in investigating the possible violation helped avert further damage to the company.

How is Policy structured at Hug Chem?

The Board of Management of Hug Chem AG appoints the General Counsel of Hug Chem AG as Chief Policy Officer. In this function he or she reports directly to the Board of Management.

In addition to the Chief Policy Officer, there is a Policy Officer in every country organization in which Hug Chem is represented by a separate legal entity.

The task of the Policy Officer is to implement all Policy activities, conduct risk analyses, and report and follow up on Policy cases in his or her area of responsibility.

Further details of the Policy organization in the companies and countries are given in a separate regulation.

Hug Chem will ensure the ongoing viability of this Company Policy by creating the necessary framework for its operation and providing the necessary resources.



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