

Code of Conduct
Festo Group



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Code of Conduct

Festo Group

Foreword by the Management Board

As an international, family-owned, and long-established company, the Festo Group enjoys an excellent reputation among its business partners and employees, as well as in the eyes of the public. Our uppermost priority is to maintain this reputation. We therefore attach great importance to integrity and require a high standard of ethically unimpeachable actions that are in accordance with the relevant laws and rules.

With this Code of Conduct, we declare our commitment to this aspiration on behalf of the Festo Group and acknowledge our responsibility towards our commercial and social environment and our staff around the world.

Violations of the Code of Conduct and incitement to violations will not be tolerated and shall lead to appropriate disciplinary action using all available means. Above and beyond any legal sanctions, violations may also have personal consequences for individual staff members.

1 Objective, scope of application

This Code of Conduct shall be a binding and mandatory guideline for all members of the Management Board, all managers and staff of the Festo Group in their daily actions on behalf of the company.

As a minimum standard, it defines, as a complement to our values, which behavioral principles we consider relevant and binding in order to meet the high standards of the Festo Group of ethically unimpeachable actions, righteous, legally and rule-compliant as well as value-oriented behavior. This Code of Conduct shall apply globally to all sites and companies in the Festo Group, even if in certain countries in which Festo Group companies are active, behavioral or business practices which contradict this Code of Conduct are demanded, expected or tolerated.

Observing this Code of Conduct shall be mandatory for the members of the Management Board, managers and staff. It shall be used as the basis for the relationships between the companies of the Festo Group and their staff in order to ensure that Festo's good reputation and the trust of everyone concerned in the Festo Group is maintained. No rights of third parties are to be conferred hereby.

2 Chief Compliance Officer

The Management Board of the Festo Group, with the agreement of the Supervisory Board, has appointed a Chief Compliance Officer (CCO), who, in organizational terms, reports directly to the Chairman of the Management Board, but also has the right to report directly to the whole of the Management Board or the Supervisory Board.

It is the task of the CCO to support the individual companies of the Festo Group in implementing the requirements of this Code of Conduct as part of the Compliance Management System (CMS) and to monitor compliance with the support of other governance functions (e.g., Risk Management, Internal Control System, Internal Audit). In addition, the CCO draws up internal guidelines within the scope of the CMS that substantiate the Code of Conduct, updates these guidelines as required and is the point of contact for all questions relating to ethically unimpeachable, righteous, legal and compliant behavior and the implementation of the Code of Conduct.

The governance function "Internal Audit" shall also ensure conformity with the Code of Conduct and complementary guidelines when carrying out its work and shall notify any violations which it identifies to the CCO. The complementary Compliance Committee which has been appointed shall support the CCO in the discharge of his duties and general work within the framework of its procedural rules.

3 Behavior in the business environment

3.1 Conformity to laws, regulations and internal rules

At all Festo Group locations, the locally applicable laws and minimum industrial standards, the UN Convention of International Bill of Human Rights and all internal Festo rules and regulations (referred to in the following as "standards") shall be observed.

The Management Board, managers and staff of the Festo Group shall be considered to be acting in the company's interests only if they observe these standards, even in cases where this may appear strategically and economically unfavorable or inappropriate from the point of view of an individual person or the company and even if they are instructed to the contrary by a member of management staff. Each individual member of staff shall be responsible within their area of responsibility for ensuring that their behavior conforms to these standards at all times.

In view of their function, we expect of our managers not only that they communicate these standards in the desired form, but also actually practice them themselves (role models) and require their staff to do the same. Our managers are the first point of contact for their staff in all questions relating to this Code of Conduct.

3.2 Fair competition

The Festo Group is convinced of the quality of its products, its innovative strength, its integrity and the abilities of its staff. It acknowledges the rules of a market economy and fair and open competition, both nationally and internationally. We also expect the same of our business partners and competitors. The Festo Group pursues its corporate objectives exclusively in accordance with the principle of high-quality performance and explicitly eschews all business activities and all forms of business cooperation, orders or other advantages which could be obtained only through violation of the relevant market or competition rules.

3.2.1 Conduct in compliance with competition and antitrust law

In all its activities, the Festo Group takes care to act in accordance with all applicable principles of competition and antitrust law. The Festo Group does not enter into any anti-competition agreements. In particular, there are no discussions with (potential) competitors about market-relevant circumstances such as prices, capacities, customers, sales quotas, sales territories or production programs. It is irrelevant whether such arrangements or actions take place within the framework of agreements or are merely informal discussions (e.g. at association meetings), informal "gentlemen's agreements" or "concerted actions" which have as their objective or effect the restriction of competition.

The Festo Group also complies with all applicable competition and (sales) antitrust law principles with regard to our distributors. In particular, our distributors are free to set their own prices. No boycotts of suppliers or customers are undertaken or supported, and there is no participation in the submission of sham bids in tenders.

Any planned agreements or consultations with (potential) competitors and distributors shall be submitted in advance to the Legal Department for examination and approval. No agreement / consultation may be made without the approval from the Legal Department.

3.2.2 Anti-corruption

The Festo Group will not tolerate any form of corruption and firmly rejects any type of bribery or corruptibility. The Management Board, managers and staff of the Festo Group are prohibited from offering, promising or granting benefits to business partners, the staff or representatives of business partners, office holders, politicians or relatives or associates of any of these groups in return for preferential treatment when procuring goods or services, no matter whether there is entitlement in individual cases to a given service/action or not. The Management Board, managers and staff of the Festo Group are also prohibited from accepting or being promised benefits in return for preferential treatment in the supply of goods or services. In this context, the Festo Group shall be bound by the "ICC Rules on Combating Corruption", the "UN Convention against Corruption", the provisions of the FCPA (Foreign Corrupt Practices Act) and the UK Bribery Act 2010.

3.2.3 Payments

All payment transactions shall comply with the applicable laws on combating money laundering and the financing of terrorism. Payments initiated by the Festo Group for goods and services received shall be made directly to the contractual partner and in principle to the corresponding bank account in the country of the contractual partner's registered office, unless legally valid assignment agreements or compulsory collections exist. Exceptions require the prior approval of the Head of Finance of the respective Festo company. Unless payment in advance has been contractually agreed, payments may only be made or instructed if goods have been delivered as contractually agreed or services have been performed in accordance with the contract. All payments must be appropriate and must be recorded in accordance with generally accepted accounting principles. No payments may be agreed in cases where there is concern or grounds for assuming that they are intended in whole or in part for the payment of bribes.

In a business context, payments in cash by Festo or a staff member of the Festo Group are prohibited, except for amounts up to EUR 250 or the equivalent in local currency, provided that a properly issued receipt is available that fulfils the legal, accounting and tax requirements. In the event of a deviation from this principle, authorization must be obtained immediately from the Head of Finance of the respective Festo company, who shall inform Corporate Compliance accordingly.

Cash proceeds are generally prohibited. Exceptions require the prior authorization of the Head of Finance of the respective Festo company.

3.2.4 Business incentives

Performance-related commissions, bonuses, including those relating to purchasing pool agreements, discounts, and goods made available free of charge are typical business incentives. These or similar incentives may be granted or accepted only by observing and complying with the applicable standards. The granting or accepting of this type of business incentive must be legally permissible and socially appropriate in each individual case and must be documented in writing. Otherwise, incentives shall be rejected and/or immediately returned.

Remuneration for services, particularly in the form of commissions, paid to third parties, e.g., representatives, brokers, consultants or other intermediaries, must be commensurate to the service provided and shall be documented in writing in full, particularly in terms of the subject of the remunerated activity and the settlement date.

These payments must be of such a size that they do not create a basis, or lead to the assumption that a basis has been created for bypassing the aforementioned rules. Any written agreement with representatives, brokers, consultants and other intermediaries, including any subsequent changes to such an agreement, must include an undertaking by the parties to the agreement to observe the aforementioned principles at all times and not engage in bribery of any kind.

3.2.5 Benefits in connection with business activities

All agreements or subsidiary agreements which relate to the direct or indirect granting of benefits – of any kind whatsoever – in favor of individual persons or organizations in connection with the facilitating, awarding, approval, delivery, processing or payment of orders (e.g., kickbacks), shall be forbidden. This shall apply in particular to agreements with business partners and their staff or office holders.

It is forbidden to directly or indirectly offer, grant, request or accept gifts and benefits in connection with business activities. This shall not apply to occasional hospitality and gifts which are of no significant financial value and conform to the usual level of local business etiquette. The offering and acceptance of hospitality and gifts of this kind shall, however, at all times be subject to the requirement that the possibility of influence on business decisions can be excluded from the very outset. In case of doubt, Corporate Compliance must be consulted.

3.2.5.1 Gifts, invitations and other benefits

The Festo Group attaches great importance to compliance with the rules for invitations and gifts, which are not only set out in this Code of Conduct, but also in our Anti-Corruption and Integrity Policy and in the Code of Conduct for Business Partners.

In accordance with this Code of Conduct, gifts, hospitality and similar benefits shall be forbidden if, due to their value or for other reasons, they are likely to place the recipient under an obligation which may call into question their commercial or professional independence. Invitations to events or other social occasions and the connected expenses must be in line with customary business practice and appropriate in their scope and type and must have a clear business purpose. Demanding, accepting, offering and granting cash or cash-like benefits (e.g., petrol/shopping vouchers, etc.) as a personal advantage is prohibited under all circumstances.

Violations of the regulations mentioned in this section cannot be justified anywhere in the world with the argument that they are commonly practiced by all concerned.

No member of the Management Board, management team or staff of the Festo Group is permitted to use their position or function in the company to request, accept or obtain personal benefits (including intangible benefits) for themselves or others close to them. If a member of the Management Board, management team or staff of the Festo Group is offered or granted gifts and/or other advantages above and beyond the limits described here, including an opportunity to enjoy preferential conditions for themselves or persons close to them, this shall be refused in all cases. Corporate Compliance shall be informed without delay of offers of this kind.

Under no circumstances may invitations or benefits be linked to the request, expectation or granting of a consideration or be associated with such. Any appearance of influence must be prevented.

3.2.5.2 Benefits for office holders

Both the active and passive bribery of office holders is a criminal offence worldwide. The Festo Group firmly rejects any type of bribery. As a matter of principle, we do not grant invitations or personal benefits to public officials (e.g., civil servants, politicians, but also those working on behalf of the public sector and other representatives and/or authorized agents of public institutions). This does not apply to symbolic gifts of insignificant financial value or invitations to events such as inaugurations and anniversaries in which public officials participate in a purely social and representative role. Other exceptions require the prior written approval of Corporate Compliance and the prior written confirmation that the public official may accept the benefit (employer's authorization). In any case, invitations or personal benefits are only permitted if they are not prohibited by international or national legal regulations.

3.2.6 Donations and sponsoring

Donations must always be made in a transparent way; i.e., the recipient and the concrete purpose to which the donation is being put by the recipient must be known and traceable. In the case of sponsoring, it shall be ensured that the financial donation is proportionate to the agreed return.

The Festo Group has issued an International Donations and Sponsoring Guideline for this purpose. Attention is drawn to the current edition of this guideline. It can be viewed on the Festo intranet page "Company, Corporate Communication, Donations and Sponsorship".

3.3 Sustainability and environmental compatibility

The Festo Group is guided by the principles of sustainability and assumes responsibility towards future generations. We are aware of the importance of climate change and the scarcity of resources. Compliance with all applicable environmental protection laws, including the local provisions of the individual countries in which Festo is active, is a self-evident obligation for the Management Board, the managers and each individual staff member of the Festo Group. Compliance is also controlled and monitored via the environmental management system installed for the production and logistics network, which is based on the international standard ISO 14001:2015.

Observing environmental regulations also accompanies the manufacturing process and the lifecycle of our products. We already apply high ecological standards during the development of products, the selection of materials and suppliers and the manufacturing processes.

3.4 Tolerance and equal opportunities

As a globally active company, the Festo Group works with staff and business partners of various nationalities, cultures, religions and philosophies of life. Our work with one another is characterized by respect, tolerance, appreciation, fairness, and openness. The Festo Group rejects without exception discrimination, harassment, disadvantaging, humiliation, or all other forms of disrespectful treatment but also discrimination in terms of preferential treatment of staff or business partners, on the basis of ethnic background, sex, religion, philosophy of life, political opinions, disabilities, age, sexual identity, pregnancy, language or any other ethically, socially and legally protected characteristics.

All forms of harassment in the workplace, particularly of a sexual nature, are fundamentally forbidden. It shall be irrelevant whether or not the affected person is able to avoid the behavior in question or whether the person violating this principle regards their own behavior as acceptable. Managers must in this context be aware of their position as role models and take steps to ensure a working environment that is free of discrimination and harassment.

3.5 Reporting and documentation

All minutes and reports, particularly those that are intended for the information of third parties, shall be technically correct and truthful. Data capture and other records shall always be complete, correct, timely, and system-compatible and shall allow the identification of the originator or author and the date of creation. All business transactions, particularly all oral and written agreements reached, shall be documented and filed in accordance with legal and internal requirements.

3.6 Selection of business partners

The Festo Group selects its business partners purely on the basis of objective and economic criteria and examines all offers from its suppliers fairly and impartially. Unprofessional preference or disadvantaging of suppliers, especially for private reasons, is prohibited as a matter of principle. In the case of invitations to tender, contracts shall be awarded to the most cost-effective tenderer unless other reasons (quality, service, long-standing business relations, creditworthiness, etc.) justify a different decision. In these cases, the decisive considerations shall be documented, without enabling third parties to derive claims from this action.

The Festo Group has developed an independent Code of Conduct for its Business Partners on the basis of this Code of Conduct. Festo expects its suppliers, customers, sales partners, and all other business partners to respect, for their part, the values expressed in this Code of Conduct for Business Partners, to take note of these in their dealings with Festo and ensure that they are observed. The Festo Group attaches importance to the principle that, wherever possible, the requirements of this Code of Conduct for Business Partners should be incorporated into contractual agreements in so far as business partners do not have their own codes of conduct that have previously been verified as equivalent.

A relationship with suppliers and sales partners shall only be possible if there has been agreement with respect to the Code of Conduct for Business Partners or they can demonstrate that they have their own code of conduct that is based on the equivalent principles. Nevertheless, the Festo Group reserves the right to prematurely terminate the business relationship if the principles of the Code of Conduct for Business Partners are seriously violated, in particular in cases of corruption and disregard for human or environmental rights.

3.7 Confidentiality of information, IT security and data privacy

The protection of information against industrial espionage, the guarantee of IT security and data privacy are fundamental requirements and the basis for the success of the Festo Group. All information that concerns the companies of the Festo Group and its business partners shall be treated confidentially and shall not be made available to third parties unless the information is already public knowledge or has been made publicly available by other means. The forwarding of information in the context of official requests for information or within the scope of fulfilling the commercial interests of the Festo Group is excepted.

The direct or indirect use of confidential information for personal purposes is prohibited. All members of the Management Board, managers and staff shall be obliged to actively safeguard confidential information against unauthorized access in accordance with internal company guidelines. The security of all business data must be guaranteed in all business processes so that confidential information, business documents and data carriers are protected against access by third parties. The Festo Group in particular rejects all forms of industrial espionage, no matter whether active or passive. All employees shall also adhere to the comprehensive IT security guidelines and handle our IT systems with care accordingly.

The Festo Group shall consistently conform to the relevant data privacy regulations and only process the personal data of business partners and employees if such processing is legally permissible. The rights of data subjects must be guaranteed in all business processes. The data privacy organization is involved at an early stage in all issues relating to the protection of personal data and advises and monitors those responsible for implementing the requirements.

3.8 Regulations covering foreign trade, export control and customs duties

The Festo Group complies with all foreign trade, embargo, customs and terrorism control regulations as well as existing payment transaction regulations in this context, that apply in the respective countries in which it conducts business. All Festo staff who are involved in the import and export of goods, services or technologies (including technical data) and the processing of payments shall be obliged to observe the relevant laws and regulations applicable to economic sanctions, import and export control and all guidelines and processes connected with their business activities.

In addition, the Festo Group shall not undertake, instigate or promote any actions or measures that could even create the impression of deliveries via third countries to embargoed countries.

3.9 Taxes

The Festo Group is aware of its social responsibility in connection with the fulfilment of its fiscal and tax liabilities. We therefore fully support the tenet of strict legality for all actions, measures, contracts and other processes, including the strict observance of all fiscal and tax regulations and the payment of all owed taxes.

This principle is not only based on the consideration that any violation could result in considerable disadvantages due to prosecution, fines, interest payments or claims for damages, but rather we affirm and support the principle of legal tax-compliant actions regardless of whether or not this is beneficial for us.

On the basis of an active and regular exchange of information, the Management Board, managers and staff of the individual companies of the Festo Group, together with the responsible departments at headquarters, shall ensure that there is no unauthorized reduction of taxes and duties, whether national or international, and that there is no breach of the associated obligations to cooperate.

The Festo Group does not undertake, initiate or promote any actions or measures that could even create the impression of tax evasion or unlawful tax avoidance by companies of the Festo Group or our business partners.

4 Behavior towards colleagues

4.1 Management culture

Festo Group considers its employees to be the centerpiece of the company. They guarantee our success and make us unique in competition.

The Festo Group has developed and communicated leadership competences based on the Festo values. In line with these, all managers are required to act as role models and behave in accordance with this Code of Conduct, particularly when working with the staff assigned to them, and display respect, consistency and an awareness of responsibility. Managers must gain and maintain acceptance by their staff through exemplary personal behavior, performance, openness, and social skills.

4.2 Responsibility as employer

Comprehensive protection of human and employee rights and the prevention of legal violations in this context is a matter of course for Festo. The Human Rights Officer appointed for the Festo Group controls and monitors the management system for respecting human rights and the associated environmental rights. Our business activities are aligned with internationally recognized social and environmental standards.



Festo does not tolerate child labor anywhere in the world. We do not employ anyone under the age of 15, without any exception. We are also committed to protecting employees under the age of 18. No work may be carried out that endangers the physical or mental development of young people.

We strictly reject any form of forced labor. Festo does not tolerate any form of modern slavery or human trafficking. This means that any type of work or service that is demanded of an employee under threat of punishment and for which they have not volunteered is strictly prohibited.

The Festo Group tolerates and respects the freedom of association and the right of its staff to be members of or otherwise belong to constitutionally recognized associations, such as duly formed labor unions or other associations that safeguard and protect the interests of workers. The Festo Group will not disadvantage individual staff members for membership of any association.

As a company, we ensure worldwide that working conditions, pay, and working hours comply with national laws and applicable industry standards. Our employees receive transparent, written employment contracts and can also view the applicable company regulations.

4.3 Fair and safe working conditions

The respect in which the Festo Group holds its staff and the sense of responsibility which it has towards them are also reflected in the desire to offer its staff in all countries fair and safe working conditions that meet all relevant legal requirements, including local requirements, and that are state of the art.

The safety and health of all staff is also a top priority for Festo. We are therefore committed to ensuring a high standard of quality in all areas of the company at all times and to providing and maintaining workplaces and work equipment in a safe, hygienic and ergonomic manner. Processes, systems and operating resources must comply with the applicable legal and internal health and safety regulations, as well as fire and environmental protection regulations.

4.4 Avoidance of conflicts of interest

The Festo Group attaches importance to ensuring that the members of its Management Board, managers and staff do not become involved in conflicts of interest. At Festo, business decisions are made exclusively in the interests of the Festo Group, on the basis of objective, factual, verifiable and transparent criteria.

A conflict of interest arises when private interests of the Management Board, managers and staff could – when viewed objectively – influence the decision-making process or give the appearance of doing so, so that the decision made is not completely objective or is not in the best interests of Festo. This may also be the case if a business decision affects the potential interests of persons who are close to the aforementioned groups of persons (e.g., relatives, partners and close friends).

Conflicts of interest should be avoided wherever possible, but must always be made transparent and disclosed to the respective manager. After receiving such a notification, the manager assesses the situation in consultation with Corporate Compliance and, if necessary, takes appropriate remedial action.

5 Implementation of the Code of Conduct

The Festo Group will not accept violations of this Code of Conduct ("zero tolerance"). All managers within the Festo Group shall therefore be obliged to inform their staff of the contents and importance of this Code of Conduct. Managers must ensure that the staff assigned to them are not only aware of the existence of this Code of Conduct, but have also understood it and realize its importance. Managers are also asked to ensure that their staff adhere to the Code of Conduct and to assist them in doing so. If there are indications of violations, managers must look into these resolutely and inform the CCO accordingly.

The Festo Group shall provide its staff with appropriate information (e.g., in the form of guidelines supplementary to this Code of Conduct) to allow them to recognize possible violations of laws and this Code of Conduct in a timely fashion and thus help them avoid these. This shall include, in particular, training courses on certain topics and in specific hazardous areas. In turn, the Management Board, managers and staff shall be obliged in cases of doubt to act on their own initiative to obtain information on ethical, honest, legal, and compliant conduct. Corporate Compliance is available to answer any further questions.

All employees of the Festo Group may contact their line manager or the CCO directly with any questions regarding the content or interpretation of the Code of Conduct. This applies in particular to the notification of any violation or suspected violation.

Questions about this Code of Conduct and reports of any violations or suspected violations can be submitted by email to compliance@festo.com or through the whistleblower system, which can be accessed on our intranet page "Company, Compliance, Festo Whistle-Blowing-System". Above and beyond the requirement to provide notification of actual or suspected violations, every member of staff who, on the basis of concrete evidence, believes in good faith that a violation against the Code of Conduct has taken place or might take place shall have the right to give notification of any such actual or suspected violation. Members of staff who notify their line manager or Corporate Compliance via the available channels about actual or suspected violations need not fear that they will suffer any disadvantages as result of their report.

Notifications shall be treated as strictly confidential. In so far as necessary, the Festo Group shall take suitable measures to protect the member of staff (or whistleblower) against disadvantages. In so far as possible and legally permissible, the Festo Group shall treat as strictly confidential the identity of staff members who give notification of actual or suspected violations and of staff members who actively participate in the verification of violations.

The Whistle-Blowing-System also offers the option of submitting anonymous reports and is also available to external parties for reporting unlawful actions by the Festo Group. External persons can obtain information about compliance within the Festo Group via the Internet address www.festo.com (About Festo – Sustainability and responsibility – Compliance) and in particular view this Code of Conduct and print out a copy of this.

Esslingen, 15 February 2024



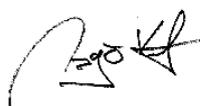
Thomas Böck
Chairman of the Management Board



Dr. Sebastian Beck
Member of the Management Board Finance and Human Resources



Gerhard Borho
Member of the Management Board Information Technology and Digitalization



Dr. Ansgar Kriwet
Member of the Management Board Research and Development



Frank Notz
Member of the Management Board Sales



Dr. Jaroslav Patka
Member of the Management Board Operations