



September 8, 2017

CODE OF CONDUCT of Festo Group for Authorized Distributors

Foreword by the Festo Management Board

As an internationally active family business with many years of tradition, the Festo Group has a good reputation in the eyes of the public and among its business partners and employees. Our uppermost priority is to maintain this reputation. We therefore attach great importance to integrity and require a high standard of ethically unimpeachable actions which are in accordance with the relevant laws and rules. With this Code of Conduct, we declare our commitment to these ideals on behalf of the Festo Group and acknowledge our responsibility towards our commercial and social environment, our staff around the world and any other stakeholder.

Violations of our Code of Conduct and incitement to violations will not be tolerated and shall lead to appropriate legal action using all available legal means.

1. Objective, scope of application

This Excerpt of our Code of Conduct shall be a binding and mandatory guideline for our Business Partners within their daily actions in the name and on behalf of our company. It is a minimum standard which, as a complement to our values, defines the behavioral principles which we consider appropriate and mandatory for our business.

This Code of Conduct shall apply – apart to all companies in the Festo Group – to all our Business Partners in all the world, even if, in certain countries in which Festo Group companies or other representatives of Festo are active, behavioral or business practices which contradict this Code of Conduct are demanded, expected or tolerated by official bodies and the general public. If in any particular country stricter rules or behavioral principles are in force than those defined in this Code of Conduct, these stricter rules shall apply.

With regard, that observation of this Code of Conduct and complementary guidelines shall be mandatory for the members of the Festo Management Board and Festo managers and staff, we expect same from our Business Partners.

2. Behavior in the business environment

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2.1 Conformity with laws and regulations

Business Partner has to observe in any country where he is active in the name and on behalf of Festo the locally applicable laws and minimum industrial standards, the UN Convention of International Bill of Human Rights, the UN Convention against Corruption, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

2.2 Fair competition

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

2.2.1 Agreements relating to competition

In all its activities, the Festo Group takes care to ensure observance of the principles of competition legislation. Festo expect this from their Business Partners too, when they are acting in the name and on be-half of Festo or in connection with selling Festo products of any kind.

2.2.2 No bribery or corruption

The Festo Group do not tolerate any form of corruption and firmly rejects any type of bribery. This we expect from our Business Partners too. They are requested to reject and refrain from offering, promising or granting benefits to third party, the staff or representatives of third party, 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. In this context, we expect from our Business Partner to regard the guidelines of the International Chamber of Commerce (ICC) for combating corruption in business and the requirements (edited 1998), of principles of the US FCPA (Foreign Corrupt Practices Act) and of the UK Bribery Act 2010.

2.2.3 Offering, granting, accepting or requesting of advantages

All agreements or subsidiary agreements which relate to the direct or indirect granting of advantages – of any kind whatsoever – in favor of individual persons or organizations, i.e. public officials/governmental officials in connection with the facilitating, awarding, approval, delivery, processing or payment of orders (e.g. kick-backs), shall be forbidden. This shall apply in particular to agreements with third parties and their staff or office holders. Business Partners has to reject and to refrain from such actions.

We expect from our Business Partners not to offer, make, request or accept direct or indirect gifts and other donations relating to their entire business activities, especially in connection with Festo business. This shall not apply to occasional hospitality and gifts which are of no significant financial value and conform to the usual level of business etiquette and local culture, as far as legally allowed. The offering and acceptance of hospitality and gifts of this kind shall, however, at all times be subject to the requirement that there is no contravention of legal regulations and that the possibility of influence on business decisions can be excluded from the very outset.

2.2.3.1 Offering and granting of advantages

Festo refuses both, the active and passive bribery of/by officials as well as within the private commercial business, which is a criminal offence, with respect to officials even worldwide. Therefore, we expect from our Business Partners to refrain from bribing any third party or individual.

2.2.3.2 Requesting and accepting of advantages

The above-mentioned principles shall also apply to the accepting of advantages by the Business Partner vice versa. In accepting invitations related to Festo business, including those within the context of events, it must furthermore be ensured that these invitations are of a clear and predominantly business-related nature and that the amounts of money spent on business hospitality must be appropriate to the nature and scope of the hospitality in question.

Requesting and accepting gifts of money shall be forbidden in all cases. The CCO of the Festo Group shall be informed without delay of offers of this kind.

2.3. Tolerance and equality of opportunity

As a globally active company, the Festo Group works with staff and business partners of various nationalities, cultures and philosophies of life. Our work with one another is characterized by respect, tolerance, esteem, fairness and openness.

The Festo Group rejects without exception discrimination, harassment, disadvantaging, humiliation and all other forms of disrespectful treatment and also discrimination in favor of staff or business partners on the basis of ethnic background, sex, religion, philosophy of life, political opinions, physical disability, age, sexual orientation or any other ethical, social and legally protected characteristics. All forms of harassment in the workplace, particularly of a sexual nature, are fundamentally forbidden. It shall be irrelevant with regard to the above whether or not the affected person is able to avoid the behavior in question or whether the person violating this principle regards his/her own behavior as acceptable.

Managers should in this context be aware of their position as role models and take steps to ensure a working environment which is free of discrimination and harassment.

This we expect from our Business Partner in same way.

2.4 Reporting and documentation

All business transactions, particularly all oral and written agreements reached, shall be documented and filed in accordance with legal and internal requirements.

2.5 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 tender unless other reasons (quality, service, long-standing business relation, 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.

Festo expects its suppliers, customers and especially all other Business Partners to respect, for their part, the values expressed in the Code of Conduct of the Festo Group, to take note of these in their dealings with Festo and ensure that they are compliant with. The Festo Group attaches importance to the principle that, wherever possible, the requirements of its Code of Conduct is to be incorporated into contractual agreements, particularly with suppliers, but also with customers and/or other third parties – in so far as those do not have their own by Festo approved Code of Conduct. However, with-out regard to this, the Festo Group shall in the case of longer-term supplier relations reserve the right to premature termination of the business or supplier relations if, despite warnings, there are serious

violations of the principles described in this Code of Conduct, particularly with regard to bribery, in-appropriate granting of advantages, or forced or child labor.

2.6 Confidentiality of information and data protection

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 any third parties unless the information is al-ready public knowledge or has been made publicly available by other means. The forwarding of in-formation in the context of official requests for information or within the framework of fulfilling the commercial interests of the Festo Group is excepted. This obligation shall continue to apply after the termination of business relationships.

2.7 Regulations covering foreign trade, export control and customs duties

The Festo Group observes all regulations relating to foreign trade, embargoes, customs duties and the control of terrorism as well as the regulations established in this context relating to payment processes which are applicable in the various countries in which it conducts business. This we do expect from our Business Partners in same way too.



3. Final Statement

We expect from our Business Partner to act according the principles of our Code of Conduct, as stipulated above. Festo does not tolerate any violation of its Code of Conduct and preserves the right to terminate business relation with any Business Partners not regarding, but violating these aforementioned principles/guidelines. In cases you need more information in detail our Code of Conduct is fully documented under www.festo.com. Any violation of these principles/guidelines is to be disclosed. Discloser can be arranged the hotline compliance@festo.com and/or Whistle Blowing Hotline.