

KOENIG & BAUER

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1-10 Group Guideline: Code of Business Conduct



Document history

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1. We stand behind our principles

The Executive Board of Koenig & Bauer AG, the managements of the member companies of the KBA Group are unreservedly committed to comprehensive compliance and strict adherence to national and international conventions. The compliance management system established in the KBA Group has created the basic conditions for ensuring that our business practices meet high standards of compliance and integrity. This includes comprehensive policies and procedures for conduct compliant with all relevant rules, regulations and laws and characterized by integrity in business activities. The Code of Business Conduct provides our employees with binding instructions on conduct that are of particular importance in the interests of corporate compliance. This Code of Business Conduct is not intended to provide a comprehensive overview of detailed procedures for dealing with all situations, but instead serves as a guide for the KBA Group's employees in their interaction with colleagues, customers, suppliers or business partners. The Code applies equally to business partners of the KBA Group member companies.

1.1. We comply with all applicable legal rules and regulations

In our company we have a duty to comply with applicable laws and respect the law in all countries in which we operate. It is only by way of consistently compliant conduct that we can protect and sustainably maintain our reputation, brand, the trust of our business partners and thus the success of the company. Contraventions are to be avoided under all circumstances.

1.2. We bear responsibility together

Each and every individual is obligated to compliance with the law in their activities in and for our company. All board members, managing directors, senior management personnel and employees are responsible for ensuring that KBA at all times acts in conformity with the law. The Code of Business Conduct is to be observed and complied with by all Group member companies and affiliates in and outside of Germany. It also applies for the Group's establishments and branches and for third parties working for us, such as sales representatives, distribution partners and consultants, both in and outside of Germany. Compliance with the law is not solely the responsibility of the officers responsible for law and compliance in our company.

1.3. Senior management personnel have a role model function

Our senior management personnel shall lead by example, ensuring that the applicable law and in-house policies are fully complied with in their respective area of responsibility. If third parties work for our company, such as agents, sales representative, distribution partners and consultants, the responsibility for their fulfilment of the compliance obligation shall lie with the persons selecting and commissioning the services of those third parties. Contract partners of KBA shall accept and acknowledge the compliance principles laid down in the Code of Business Conduct and ensure compliance therewith in their own business activities.

2. We care about people and nature

2.1. Our employees are important to us

In its role as employer and as provider and purchaser of products and services, KBA unreservedly respects the principles of human rights and regards them as a core element of responsible corporate governance. We orientate our actions in this context to the UN "Protect, Respect and Remedy" Framework and Guiding Principles on business and human rights.

2.1.1. We regard the health of our employees as of paramount importance

We do our utmost to ensure good working conditions for our employees, with high standards of occupational health and safety, equal opportunities and protection against all types of discrimination. Each and every KBA employee is responsible for ensuring that the rules and regulations on environmental protection and occupational health and safety are strictly observed and complied with in their sphere of activity. Potential hazards must be eliminated immediately and reported to superiors and the relevant departments. Hazardous substances may only be stored in the appropriate containers and approved storage facilities. When dealing with hazardous substances, the relevant regulations and technical rules must be observed and the hazardous substances protected against access by unauthorized third parties. Plant systems and machine tools must be serviced and inspected thoroughly. Our employees working in the aforementioned areas shall be appropriately instructed, trained and supervised, and must have the necessary qualifications. We likewise ensure strict compliance with the fire safety regulations. Accidents, incidents or operational malfunctions can only be prevented by ensuring and implementing these measures.

2.1.2. We will not tolerate discrimination

KBA is committed to the principle that no one may be treated, disadvantaged, favoured, harassed or marginalized on the basis of race or ethnic origin, skin colour, nationality, religion, ideology, gender, age, physical condition, appearance or sexual identity. We therefore expect our employees to be fair, respectful, friendly and objective in their dealings with each other. KBA will not tolerate any form of discrimination and harassment.

2.2. Environmental protection and product safety are important to us

Care must be taken to protect the environment and comply with environmental protection regulations. Active climate and environmental protection along the entire value chain from the product idea, to purchasing right through to the production and commissioning of our machines is an essential element of our sustainability strategy. Besides adherence to stringent quality and safety standards, our activities are already in the development and design phase aimed at ensuring energy and resource efficiency in the production and operation of our printing presses. We place particular priority on ensuring environmentally friendly printing procedures and processes. Furthermore, we focus on minimizing the noise, dust, odour and CO₂ emissions in our production operations and in the use of our products, as well as on the use of environmentally compatible substrates and consumables in the printing, finishing and downstream processing procedures.

KBA products meet all the safety regulations to which they are subject. The relevant department and the Compliance personnel are to be promptly notified in the event that the handling or

use of a printing press or any other product gives rise to any risks or hazards that have been identified or deemed possible, even if caused by its combination with a third-party product.

We ensure that the safety instructions in the machine documentation and on the machine are kept up to date at all times and comply with all relevant safety regulations. Safety deficiencies identified by KBA on a customer's printing press shall be immediately remedied or measures are to be taken towards prompt elimination thereof.

2.3. Data protection is a top priority at KBA

KBA ensures a uniform understanding throughout the Group and a binding standard for the privacy-compliant handling of personal data as well as the fulfilment of the regulatory requirements relating to data protection.

The protection of personality rights of customers, employees, suppliers and other data subjects who have contact with us is a key objective of all KBA Group member companies in the handling of personal data. Through its Group member companies, KBA therefore processes personal data at all times in accordance with the respectively applicable data protection and data security laws and in accordance with the Data Protection Directive. Special regulations governing the handling of personal data are in place to protect personal privacy.

KBA only collects, processes, uses and stores those personal data where this is required by law or which are required for normal business operations. As a general rule, this means that the collection, storage, processing and other use of personal data requires the prior consent of the data subject, or a legal basis.

We pursue a globally consistent and high level of data protection for the entire Group, both for in-house and cross-company data processing as well as national and international data transfers. Personal data must be processed by their recipients in the KBA Group member companies in accordance with the data protection principles applicable to the senders of those data.

3. We act with integrity in our business dealings

KBA is unreservedly committed to full compliance with all relevant laws and regulations. Corruption and cartel agreements are under no circumstances permissible means of securing an order. There shall be no trade-off between the company's commercial interests and its legal obligations. We prefer to go without an order and waive the achievement of internal objectives rather than violate laws and regulations. A responsible approach to compliance is also required in situations in which the legal situation is unclear or reliable information on the legal situation cannot be obtained.

3.1. We stand for fair competition

The trust placed in us by our customers worldwide strengthens our resolve to help advance the printing sector time and time again with new ideas and innovative technology. With our highly qualified employees and proven business partners, we combine individual needs and requirements with cutting-edge technology. Our innovational strength and customer orientation give us a competitive edge. Compliance with antitrust legislation and the laws against restraints of com-

petition is therefore an integral element of KBA's corporate policy. We act in conformance with all laws on antitrust and restraint of competition and would never take part in any agreement or other practices that violate them. We will not tolerate any violations thereof, neither within our company nor by any of our business partners. A concerted practice, informal gentleman's agreements or informal discussions that may or are intended to restrict competition already constitute violations and are therefore strictly prohibited. Even the semblance of such an event is to be strictly avoided.

KBA and the Group member companies shall ensure compliance with the following principles:

- Prohibition of anticompetitive measures
- No abuse of a dominant market position
- No exchange of competition-relevant information when meeting competitors.

3.2. Corruption has no place at KBA

3.2.1. We are incorruptible and do not bribe

The KBA Group, employees and third parties who work for us grant benefits or gifts to business partners or other third parties exclusively within the scope of the customary and relevant legal limits. Benefits or gifts are never to be given with the intention of unfairly influencing decisions or processes.

Employees may only accept gifts or benefits in business dealings if these

- are appropriate in terms of outlay, timing and frequency, taking account of the standard of living and status of the recipient;
- are not intended, nor can they give the impression that upcoming business decisions are to be influenced thereby;
- do not, nor are intended to create the impression that the recipient might feel obliged to reciprocate;
- can be given openly and transparently at any time; and
- do not violate any law, regulation or policy that is known to apply to the recipient and/or the party providing the benefit or gift.

it is in any event inadmissible for employees to claim or demand gifts or any other form of benefit or advantage for themselves or a third party from a business partner or third party.

3.2.2. We cooperate with authorities and offer no benefits to office holders

KBA maintains a cooperative relationship with authorities and public institutions while safeguarding its own interests. Information required by the authorities must always be provided in full, frankly, correctly, timely and in a comprehensible form.

In their work for KBA, our employees may not offer nor promise any office holder any benefit in return for the office holder carrying out or refraining from carrying out an official act. Whether an office holder can be offered, promised or granted a benefit at all can only be decided by the responsible compliance officer after careful consideration.

Payments to office holders with the aim of accelerating the performance of an official duty on their part (facilitation payments) are prohibited.

3.2.3. Sponsoring and donations on our part are transparent in our company

Sponsoring is a complementary instrument forming part of the company's marketing and communication mix. Sponsoring activities must always fit within KBA's sponsoring strategy. The Executive Board of Koenig & Bauer AG has determined the sponsoring strategy and thereby focussed the sponsoring activities on the spheres of art and culture, social engagement and education, science and industry, popular sports as well as competitions in sector-specific educational institutions and awards for printing companies, such as the Print and Media Awards conferred by the Deutscher Drucker trade journal.

KBA's social engagement predominantly embraces monetary and in-kind donations for social and cultural projects. The Head of Corporate Communications Management decides on a case-by-case basis on the sponsoring projects.

In individual cases, KBA grants financial resources to non-profit institutions in the form of a donation. Grants of this nature must serve the public interest, be unrelated to any sales transaction and not serve the personal interests of individual employees or officials of the institution in question. Donations to political parties are not permitted.

3.2.4. We keep private and corporate interests strictly separate

Each and every employee must keep private and corporate interests strictly separate. Private interests shall not conflict with the interests of KBA. Conflicts of interest must be disclosed, also in cases of doubt.

Under no circumstances may personal relationships, interests or material or immaterial advantages in any way influence the conclusion, continuation or termination of a contract. Business relationships with third parties must be based exclusively on objective, comprehensible criteria, such as reliability, quality, price, suitability, technological standards, good long-term business relations, etc. The criteria used to reach such a decision must be documented.

As a general rule, the deployment of employees for private purposes by superiors and/or senior management constitutes an abuse of the authority to issue instructions, and is therefore inadmissible.

Human resources decisions must be based solely on objective criteria. Approval must be obtained for any secondary employment, including freelancing, or the intention to actively engage in entrepreneurial activities.

KBA welcomes employees' personal involvement in political parties, associations, other organizations and socio-political institutions, provided it does not compromise the performance of their duties as defined by their contracts of employment. When expressing their personal views in public, employees shall avoid giving the impression that their views are those of the company.

3.2.5. We foster and develop anti-corruption measures (collective action)

In certain areas, corporate compliance may also be fostered by industry-wide initiatives and measures extending beyond the company. KBA considers the supporting of national or international ethics initiatives, within the framework of applicable laws, in particular competition law, to be an important contribution towards ensuring fair competition and compliance with the law and regulations by companies.

4. We apply financial, customs and export regulations in full

4.1. Accounting rules and standards are complied with throughout the Group

KBA strictly complies with all accounting and balance sheet regulations as well as with national and international tax regulations and corporate transparency standards. All documents with relevance for accounting must be fully and correctly documented and entered in the accounts accordingly. All business transactions must be recorded fully and accurately in the accounts and the associated documentation, and corporate assets must be reported correctly. Errors and lack of diligence can cause severe damage to the company and lead to civil and criminal proceedings.

4.2. We actively counter money laundering risks

Money laundering is a criminal practice in which illegal income is 'washed' by concealing its true origin and thereby channelled into the legal economic and financial cycle. For this reason we abide by the internally established security measures as well as certain due diligence obligations when dealing with our customers and business partners. The rules are ultimately intended to protect our company and our employees from being misused for the purposes of money laundering, financing of terrorism or other criminal offences.

KBA regularly has the Group Compliance Officer perform checks, on the basis of a risk analysis, as to whether the business and customer-related security systems and control measures are effective and appropriate, in particular also in the interests of preventing the misuse of new technologies for the purposes of money laundering.

4.3. We prevent insider trading

Koenig & Bauer AG is a listed stock corporation. We are dependent on the trust of our investors in the integrity of our company and our employees. The requirements of the law on securities trading must therefore be strictly observed and complied with.

Our employees are obligated to treat internal, non-public information confidentially and not to use such information for their own benefit or for that of third parties. This in particular concerns specific information about the company's business developments about which the public has not yet been informed.

We are required by law to keep records of people who work for us and have access to insider information within the framework of their work for the company. We maintain lists of persons who have continuous access to insider information (permanent insiders), as well as project-related insider lists which are managed on a case-by-case basis (project insiders). Our lists are regularly

updated and, upon request, made available at any time to the Federal Financial Supervisory Authority. Our employees are notified of their inclusion in an insider list and are informed about the legal obligations arising from the access to insider information as well as the legal consequences of violations.

4.4. Compliance with customs and foreign trade regulations is our common responsibility

KBA is an internationally active company with customers, suppliers and projects throughout the world, and as such is subject to import and export laws and restrictions. Not only goods but also the export of services and data or the transfer of cash or cash equivalents may be subject to export restrictions.

KBA rigorously complies with all national and international foreign trade regulations and strictly adheres to customer regulations. No employee of ours may violate any restrictions and prohibitions on foreign and domestic trade. This applies in particular to compliance with the rules governing the distribution of weapons and dual-use goods, the provisions on transfers to third countries, relevant re-export provisions and other trade prohibitions and restrictions with regard to specific goods, software, technologies and services, as well as the provisions relating to international embargoes and counter-terrorism, including the corresponding rules on capital transactions and the transfer of funds.

5. Clear rules on cooperation with business partners

5.1. We make no compromises when selecting our business partners

The member companies of the KBA Group may employ the assistance of external third parties not belonging to the KBA Group for sales and servicing of their products, such as sales representatives, sales agents (brokers), authorized dealers, consultants or lobbyists as well as other service providers.

The managements of our business units evaluate their respective portfolio of business partners at regular intervals and determines the strategic requirements. It is on this basis that potential business partners are selected.

Business partners are made subject to a compliance review before placement of an initial order and within the framework of a defined repetition cycle. Should any risks be identified, recommendations are then to be made in respect of conditions for the continuation of the business relationship. Business partners are regularly informed by appropriate means about the compliance rules of the KBA Group and made aware of the consequences of any violation thereof.

Transactions with a third party may only take place on the basis of a written contract. This is to contain the general compliance clause and the special clause on the prohibition of corruption, the possibility of termination in the event of compliance violations, and the third party's acceptance of the Code of Business Conduct as well as this Policy on the Prevention of Corruption.

Deviations herefrom require the prior approval of the Compliance Officer.

5.2. We also expect our suppliers to respect compliance principles

KBA expects its suppliers to comply with all applicable laws and regulations as well as international and industry standards. The suppliers shall in any event acknowledge the following principles and, on request, provide information on their compliance therewith:

- Human rights and prevention of child labour
- Business integrity
- Health and safety
- Sustainability

Our suppliers shall be obligated to pass on these principles to their contractual partners as well, in particular to the members of their upstream supply and production chain. The member companies of the KBA Group shall ensure that a breach of these principles by a supplier can be punished as breach of contract on the part of the supplier, in particular that appropriate reactive measures may be demanded from that supplier or that the supply relationship with the supplier may be terminated.

6. Handling of company property and information

6.1. Use and protection of company assets

KBA owns a wide range of technical facilities and equipment, such as telephones, computers, software but also machines and other working appliances. Company property entrusted to our employees may not be removed from the company premises without the consent of the relevant function and must be treated with care and used economically and efficiently. Likewise, no databases or programs may not be copied and taken out or taken into the company. The relevant shop agreements must be observed and complied with when using the internet and electronic communication media. No employee may use company assets and facilities of the company, e.g. vehicles, for private purposes without the express consent of the relevant function.

6.2. Intellectual property is rigorously protected

Inventions, patents and other forms of know-how are key factors behind our success. No employee may make use of KBA's intellectual property (e.g. patents, distinguishing marks, in particular trademarks, utility models and designs, copyrights) without the express consent of the relevant departments. KBA respects and will never use existing and legally valid proprietary rights of third parties for unlawful purposes.

7. Our compliance management system ensures compliance with and implementation of the Code of Business Conduct

Based on constant analysis of possible compliance risks, the continuous adaptation of the compliance management system ensures business conduct characterized by compliance and integrity.

Our comprehensive compliance and integrity standards can only then have their full effect if they are known to our employees and are fully adhered to. KBA has rolled out a Group-wide training concept on compliance principles for this purpose. Online training sessions are controlled via a learning management system. In face-to-face sessions, employees are given in-depth training tailored to requirement.

Koenig & Bauer AG

Würzburg, 22. September 2020



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