

# CODE OF CONDUCT CTS GROUP



# 1 INTRODUCTION

High standards of professionalism and ethical behavior are essential for CTS Group Holding B.V. and its operating companies ("**CTS**") in order to implement our strategy and realize our goals. Management of CTS relies on the ability of all employees to exercise sound judgment on compliance with applicable laws and regulations, on integrity and ethics in business conduct and on maintaining our reputation in each and every situation.

This Code of Conduct ("**Code**") communicates our core principles that each of us must observe when acting for or on behalf of CTS.

Our Code does not cover every situation that may occur, nor does it remove the need for using common sense and professional judgment. We count on the understanding and cooperation of all employees in complying with this Code and to seek help when needed.

If you are in doubt about what to do, you can ask yourself the following questions:

- Does it feel like it is the right thing to do?
- Is it legal and consistent with our values and our Code?
- Does it reflect well on CTS?
- Would I still accept full responsibility if my decision or actions were made public?
- Would I do the same if it were my own business, relations or money?

If your answer to any of these questions is 'no', or if you are uncertain, seek help by discussing the matter with your colleagues or seek guidance from your manager or next higher level manager in the hierarchy chain up to and including the management of CTS.

We encourage employees to report anything that is not in compliance with our Code. Discuss it with your manager or next higher level manager. When you raise a concern in good faith, you help us to protect our company, our workplace, your colleagues and yourself. We can, however, not tolerate false reports. False reports will have consequences for employees (e.g. termination of the employment agreement) and employees may be held liable for damages suffered by people affected by these false reports. The Speak up Policy provides further guidance on reporting (suspected) violations of this Code.

## 1.1. Who must follow the Code

The Code applies to all employees of CTS world-wide. The Code also applies to all board members of CTS. Certain business partners, such as agents, distributors and consultants, serve as an extension of CTS. They are expected to follow the principles of our Code, as well as any applicable contractual provisions, when working for CTS.

If you supervise our business partners or temporary employees, you are responsible for communicating our standards as laid down in this Code and ensuring that they are understood. If an external business partner fails to meet our standards laid down in this Code or their related contractual obligations, it may result in the termination of their contract.

## **1.2. Complying with Laws & Regulations**

CTS is committed to compliance with all laws, rules and regulations that apply to our business, in every location in which we do business. Through our operating companies, we operate in multiple countries, so it is important to be aware of different laws and customs that may apply. While we respect the customs of our clients, business partners and employees throughout the world, all employees must comply with the standards and principles in this Code. If any provision of our Code conflicts with a local law or requirement, please seek guidance from your manager or next higher level manager in the hierarchy chain up to and including the management of CTS.

## **1.3. Compliance Responsible**

CTS's management board oversees the Code and its compliance program. If you need further guidance on the Code following discussions with your colleagues, manager and next higher level manager, a board member of CTS is an alternative resource for help for any unsolved Code questions or concerns.

## **1.4. Your Responsibilities**

Each of us must take responsibility for acting with integrity, even when this means making difficult choices. Daily pressure should never stop us from making the right decision or holding each other accountable. Meeting our responsibilities is what enables us to succeed and grow.

- Always act in a professional, honest and ethical manner when acting on behalf of CTS.
- Know the Code and pay particular attention to the topics that apply to your specific job responsibilities.

Those in management positions have even greater responsibilities. You play an essential role in sustaining CTS its reputation and license to operate. You are expected to lead by example and help create a work environment that values mutual respect and open communication, in which concerns or suspicions can be raised without fear of retaliation. Make sure anyone new to your team is briefed promptly on our Code, the Code risks in their role, and where they can seek advice and support.

## **1.5. Disciplinary Measures**

A violation of the law or our Code can have serious consequences for CTS and the individuals involved. Any such violation can lead to disciplinary measures, which may include demotion or termination of employment. Such violations may also lead to fines and imprisonment for the individuals concerned as well as potential liability and fines for CTS.

## **2 SAFETY**

CTS considers safe and healthy working conditions for its employees to be fundamental and a pre-requisite. It is the responsibility of each employee to comply with health and safety regulations. CTS seeks to extend its concern for health, safety and the environment to its suppliers, contractors and customers.

Each of us is responsible for acting in a way that protects both ourselves and others. We can only achieve our goal of a safe and healthy workplace through the active participation and support of everyone. We expect the commitment of each employee to the safety regulations applicable to his or her work place. At all levels, we expect our employees to play an active role in identifying and rectifying unsafe situations.

Security measures and training for employees are continuously monitored and adjusted to the current needs. Any employee or other person conducting activities for or on behalf of CTS is authorized to stop activities immediately if working conditions are considered unsafe for persons, the environment or facility where work is being carried out without facing the risk for any sanctions on the basis of such a decision to stop work.

## **3 WORKING ENVIRONMENT**

CTS is committed to creating and maintaining a working environment in which each individual is treated with respect, and to ensure equal employment opportunities without discrimination or harassment on the basis of race, color, sexual orientation, age, handicap or disability, political stance, work contract (fulltime or parttime, permanent or temporary), marital status, nationality or religion. We do this by taking measures that protect our employees against inappropriate behavior and the adverse effects it has.

## **4 LABOR CONDITIONS**

CTS subscribes to the United Declaration of Human Rights, the Organization for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises) and the fundamental International Labor Organization's (ILO) conventions regarding forced labor, child labor, non-discrimination, freedom of association and collective bargaining.

CTS recognizes and respects the freedom of employees to establish or join an organization of their choice (including trade unions), as well as the right of employees to be represented by staff representatives, trade unions and other employee organizations. CTS will not make employment of an employee subject to the condition that he/she must or should not join a union, or must accept or relinquish trade union membership.

CTS will follow all applicable laws relating to wages and working time, including those governing minimum wage, overtime and maximum hours. CTS adheres to each local legal minimum age requirement where it operates and does not employ children under the age of 16. CTS will under no circumstances make use of forced labor, require employees to lodge deposits, deprive employees of identity papers upon commencing employment with the company.

## **5 SUSTAINABILITY**

Sustainable development is one of CTS its prime business principles. CTS has always worked to become an integral part of the societies in which it operate and – with a tradition of sustainable entrepreneurship – make a meaningful contribution to its stakeholders.

CTS thereby follows the 3P elements (People, Planet & Profit). CTS is committed to conduct its operations in an environmentally and socially sound and sustainable manner, continually aiming at improving its performance. CTS is committed to distribute products and systems that meet the most stringent applicable codes and will represent the best available products and systems in the market to date, ensuring positive impact on safe working circumstances and the environment. On this basis products and systems are continuously being screened for satisfactory performance and improved on the basis of this screening.

## **6 COMPANY RESOURCES AND ASSETS**

Each employee is responsible for the careful and proper use of all facilities, property and information of CTS. Information regarding the strategy, financial situation or activities of CTS and its operating companies is confidential and the property of CTS. Dissemination of any such information is prohibited and may cause damage to CTS or may provide others with an unjustified advantage.

Any employee engaging in or attempting theft of any company resource or asset of CTS - including but not limited to documents, equipment, intellectual property, confidential information, personal property of other employees, cash or any other items of value - may be subject to disciplinary and/or legal action (including immediate termination of employment). In such situation, CTS may also take steps leading to initiation of criminal proceedings.

## **7 DATA PROTECTION AND PRIVACY**

The computer and communication systems provided by CTS to an employee are provided for business use. All communications and information transmitted by, received from, created by or stored on CTS its computer and communication systems are deemed company records and property of CTS.

Employees may not use any company resources or assets for sending or receiving messages or files that are illegal, sexually explicit, abusive, offensive or profane.

Subject to any applicable privacy laws, CTS has the right, but not the duty, for any reason and without the permission of the employee being required, to monitor any and all aspects of each computer and communication system, including reviewing and deleting any information or document stored on such system.

It is the policy of CTS to purchase official license agreements governing the use of software and to fully comply with the terms and conditions thereof. Employees may not reproduce software from any of the computer or communication systems or install software on any of these systems unless properly authorized to do so.

We respect and protect the privacy of all individuals. We are committed to complying with all relevant data protection requirements of the countries in which we operate. It is therefore important that we handle personal data, or any data that can relate to an individual, with care and for legitimate business purposes only, and in line with applicable laws and policies. CTS holds personal information with respect to each employee. This information is kept for employment-related purposes only. Personal information regarding an employee is released to third parties only with the permission of that employee unless we are required to comply with a legal obligation. Each employee may access and review the personal information relating to himself / herself.

During our daily work we come across all kinds of confidential information, such as budgets, audit reports, financial data, product designs, innovations and agreements. It is essential that all employees respect and protect CTS its confidential information and only share and use it to the extent allowed. This also applies to confidential information entrusted to us by our business partners and customers. A failure to do so may cause damage to CTS or may provide others with an unjustified advantage.

## **8 CONFLICTS OF INTEREST**

Employees should avoid any conflict between the interests of CTS and their personal interests. Even the appearance of such a conflict should be avoided. In case the employee, or any of the family members of the employee, has a financial or other interest in an entity supplying products or services to CTS or in an entity that is a competitor of CTS, then such interest must be disclosed and discussed with your manager.

## **9 BRIBERY, GIFTS AND ENTERTAINMENT**

We do not allow any form of bribery in any place, at any time. This means that employees cannot give or receive – either directly or indirectly – anything of value (including any payment, benefit, gift or hospitality) in order to obtain or retain business, influence business decisions, or secure an improper advantage in the conduct of our business. This also includes bribery through others, such as third parties like agents, and making facilitation payments to speed up or secure the performance of a routine government action.

We may, however, offer and accept gifts, entertainment or hospitality when reasonable, proportionate, infrequent and intended to strengthen or build legitimate business relationships. Gifts of a total value of up to EUR 100 (or the equivalent in local currency) would in most cases not cause or appear to cause a conflict.

In case of doubt, discuss this with your manager or next higher level manager.

## **10 FRAUD AND (FINANCIAL) RECORDS**

Fraud can have a significant financial and reputational impact on our company. It is essential that we are alert to and prevent any form of fraudulent behavior. There is no legal definition of fraud which applies equally in all jurisdictions in which CTS is active. Fraud covers a broad range of activities. Examples of fraud include embezzlement, theft, money laundering, forgery, misappropriation, false representation, concealment of material facts, tax evasion, financial reporting irregularities, bribery, corruption, market abuse and extortion, but also wrongful or improper use of CTS its resources or information, or misuse of rank, position or authority.

Forgery of, or false or inaccurate information in, sales records, accounting records or financial or non-financial statements also constitutes fraud. Inaccurate or false information can mislead or deceive both internal and external stakeholders, and can have severe and long-lasting consequences for our company. Employees have a duty to ensure that the financial records of CTS and supporting documents accurately describe and reflect our transactions and business. Undisclosed or unrecorded accounts shall not be established or maintained. No employee may influence, force, manipulate or mislead an internal or external expert or auditor conducting a (financial) audit or reviewing the (financial) records of CTS.

## **11 COMPETITION**

CTS believes in free and open competition in order to give clients the widest possible choice of products and services at competitive prices. Employees should never engage in improper practices that may limit competition or look to gain competitive advantage through unethical or illegal business practices. Competition laws are complex and compliance requirements can vary depending on the circumstances. In general, the following activities are considered red flags in any event and should be avoided:

- Sharing company competitively sensitive information with a competitor, such as, for example, pricing, market or client information or future plans of the business.
- Sharing competitively sensitive information of business partners or other third parties with their competitors.
- Attempting to obtain non-public information about competitors from new hires or candidates for employment.

## **12 PUBLIC ACTIVITIES**

CTS does not participate in party politics nor makes payments or donations in kind to political parties or to the funds of groups whose activities are directed at promoting party interests. When dealing with governments or other (governmental) agencies CTS companies are encouraged to promote and defend their legitimate commercial objectives. They may do so directly or through bodies such as trade associations.

CTS companies are encouraged to respond to legitimate requests from relevant authorities for information, observations or opinions on issues relevant to their business and to participate in the development of proposed legislation or regulations in areas which may have an effect on their legitimate interests.

## **13 EXPORT CONTROLS AND ECONOMIC SANTIONS**

CTS transfers, sells and purchases goods, technologies and services in compliance with all applicable export controls and economic sanction laws and regulations. We strictly adhere to these laws and regulations by implementing the restrictions applicable to countries, business partners and persons, and by classifying goods, technologies and services, in order to identify controlled status and possible restrictions on the export or transfer of these goods, software, technologies and services. We do not allow any violation of applicable export controls and economic sanctions law and regulations.

## **14 SECURITIES TRANSACTIONS & INSIDER TRADING**

CTS employees may become aware of information about CTS or other companies that has not been made public. The inappropriate use of such non-public or “inside” information is unethical and may also be a violation of the law.

## **15 SUSPECTED IRREGULARITIES**

Each employee is encouraged to report any (suspected) violation of this Code and any other (suspected) irregularity of a general, operational or financial nature relating to CTS to his or her manager, his or her next higher level manager in the hierarchy chain up to and including the management of CTS. CTS ensures that the employee who has in good faith made a report will not need to be concerned with any consequences for his / her position.

Further guidance about reporting a (suspected) irregularity is provided in the Speak up Policy.



## 16 QUESTIONS

For any questions about this Code, please reach in first instance out to your manager or your next higher level manager in the hierarchy chain up to and including the management of CTS for any unsolved Code questions or concerns.

We hope you will find this Code of Conduct to meet your expectations and that it will aid you when it needs to,

Yours sincerely,  
CTS Group Holding Management Team

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## RIGHT TO SPEAK

**Speak up  
if you think  
something's not  
right.  
If you believe there  
has been a violation  
of the Code of  
Conduct:**

1. **Discuss with the person(s)  
involved**  
or
2. **Talk to your manager**  
or
3. **Talk to HR or the  
Management of CTS**  
or
4. **Report your concerns  
anonymously using  
SpeakUp:**

