



Industrial association of House, Heating and Kitchen Technology

HKI Compliance Guideline



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Part 1: Antitrust law

Our highest priority is that the antitrust law is regarded invariably at any association activity. Because we offer forums for a collective exchange to companies which are in competition with each other. Furthermore it is one of our tasks to provide market information and much else to our members.

Drastic consequences at infringements against the antitrust law

The fining practice of the German and European cartel authority has taken a drastic progress in the last few years. Antitrust violations can be punished by an association with fines up to 10 percent of the total revenues of the involved member companies in accordance with the EU-antitrust law regulation. From the perspective of our member companies there is also the fact that they have to avow for the association by way of contingent liability for EU-antitrust violations. Besides that telling consequences like personal fines, mulcts or even imprisonment are threatened to the employees of the association themselves.

Meetings

- The HKI office invites timely and official to the meeting, in accordance with the chairpersons. The participants receive a preferably detailed agenda in advance. This should be worded as clear and obvious as possible and shall not contain antitrust questionable scores.
- At least one employee of the HKI office is present in every meeting.
- Along with the chairperson, this employee is responsible for the observance of the formal and orderly meeting procedures.
- This also includes to administer the protocol. The protocol includes all decisions taken. Deviations from the agenda which require the approval of the committee are also recorded in the protocol.
- The participants should contradict new agenda topics, if they think that these are antitrust questionable or if a formal amending decision is omitted. They should claim, that the diverge of the agenda and their dissent is recorded. The chairperson is going to check the dissents and p.r.n. refuse the agenda topics.
- The participants check the protocol for correct content, after they received it.
- With the support of the HKI employee, the chairperson makes sure that during the association meeting there are no inadmissible decisions, agreements, conversations or spontaneous utterances made about antitrust relevant topics.
- The chairperson immediately makes the participants aware, which do not behave compatible with the antitrust law. The chairperson should cancel or adjourn the discussion or in case of need the whole meeting, as far as a legal clearance is reasonably required.

- The participants should claim the abandonment or the adjournment of a discussion or meeting, if they have doubts against its legitimacy. This demand must be recorded.
- Participants should leave the meeting if an antitrust questionable discussion is continued. The departure of a participant shall be recorded with name and time designation.

- Topics Allowed in Association Meetings

In the course of an association meeting, companies are allowed to exchange information about their particular topics which include:

- information about a company's general business expectations or information in respect of the whole range of products, or of other aggregate business units, presumed that no conclusions can be drawn to a particular product's market position,
- general cyclical economic data,
- current legislative projects and their impact on the member companies as a whole,
- discussions about HKI's lobby activities,
- benchmarking activities,
- generating a survey of the relevant industrial sector,
- exchange of freely accessible data (e. g. from the internet or from business reports published by member companies).

- Topics Not Allowed in Association Meetings

In the course of an association meeting, companies are not allowed to exchange information about topics that violate the competition law and the secrecy in competition, as far as being a matter of companies' in-house information or data. This includes:

- information or arrangements about prices, price components, rebates, pricing strategy and calculation, and intended change in prices,
- terms and conditions for supply and payment, relating to contracts with third parties,
- information about business strategies and future market conduct,
- detailed information about profits, profit margin, market shares, and intended investments, as far as this information is not publicly available,
- as a general rule, information about research and development projects.
- Co-ordination of bidding towards third parties, regional or personal division of markets or sources, express or tacit agreement about boycotting certain companies or cutting off the supply or purchase against a certain company.

Statistics

- Market information systems are organized data collections which represent information e.g. in the form of association statistics.
- Such market information systems and other statistics are only permitted if they are officially conducted by the association or another neutral authority, which only publishes anonymous and unidentifiable aggregated total data.
- The association ensures that the market information systems conducted by the association, conform to the legal requirements.
- Company-specific data are allowed to be transmitted within the limits of market information systems only in the provided procedures, but not in the association meetings.

Protection of confidential member information

The confidential collaboration with our member companies is an essential requirement for a functioning association work. The protection of confidential information (especially business and company secrets) of our members is therefore first priority of the HKI.

Because of that every employee is obliged to handle confidential information carefully by especially protecting data stock at its workplace against unauthorized access by third persons;

- Produces transcripts or copies only for official business use;
- Avoids conversations about confidential member matters and association matters in public;
- on no account abuses member information or company information for own purposes.

Trade Fairs

- HKI and its divisions are allowed to promote a certain trade fair as the leading fair for particular sectors.
- HKI is allowed to support the relevant exhibition corporation in maintaining or establishing the favoured fair as the leading fair, as far as there is no commitment to support this leading fair exclusively.
- HKI is allowed to give general information about the favoured fair's concept and to spotlight its specific assets.
- By promoting a certain trade fair as the leading fair HKI shall not, avowedly or covertly, evoke or support a boycott against a comparable competitive fair. For that reason HKI shall not publish any pointed or unfair comments on competitive fairs.
- HKI ensures that in the course of an association meeting there will be no agreement or recommendation about the member companies not attending (any more) a trade fair or henceforth attending a certain fair only.

- HKI is allowed to make an enquiry among the member companies in the course of an association meeting about their satisfaction with a certain fair's concept.

Part 2: Corruption

Invitations and benefits

To grant or receive presents and other benefits is only allowed in accordance with the applicable law. The appearance of dubiousity is to avoid.

The proper dealing with entertainment, presents and other benefits (e.g. donations, sponsoring, performance fee etc.) pertains to the important premises of an impeccable association work.

Thereby various legal matters (corruption criminal law, breach of trust, fiscal law) shall be regarded from different point of view.

The following overview is a guidance for the dealings with benefits in the association work. The management shall be contacted implicit at any questions.

General principles

- To grant or receive presents and entertainment is only allowed to happen for official business occasion.
- Presents and other favours (e.g. entertainment) shall be socially adequate. That means, in its kind and its worth, they are not allowed to exceed what is appropriate for the particular occasion and with awareness on the function and the professional position. This applies equally for internally benefits (e.g. presents to retiring committee chairmen) as also for external benefits (e.g. entertainment of parliamentarian as part of an association event).
- Basically low-risk is the granting and receiving of low-value giveaways with a high association or product closeness (giveaways with association or company logo).
- To receive and grant cash money and similar benefits (e.g. loan, stocks, grant of a respite, waiver of claims) is not permitted in any case.
- The control question, if the invited person and the restaurant would be visited private or in the business scope, obtains for entertainment
- Work and private life shall be strictly separated. Escorts (spouses, parents, friends, etc.) should only be taken along or invited to official business events, if this was approved before by the responsible general manager.
- Professional fees for lecturing and reviewing activities or similar services and related other expenses shall be in an appropriate proportion to the job performance and are principally to be agreed with the general manager.
- For the granting of presents or attentions to office bearers and equivalent persons, stricter standards apply, which shall be regarded prior (see below)

Special principles for benefits to office bearers

Office bearers (e.g. clerks, also community officials and members of the EU-commission, state minister, federal minister, officials, public employees) as well as equal persons, which look after tasks for the public administration, are obliged to fulfill their tasks impartial. Therefore benefits for office bearers shall neither interfere with their objective administration nor insemminate outsiders the impression of a conflict of interests of the office bearer.

To grant an advantage towards office bearers also as corruption of office bearers is indictable (§§ 33, 334 StGB). For the culpability it is enough that the advantage of grant happens “for the official exercise” of the office bearer. That means the benefit does not have to be determined in return for a special service action, also benefits for the mere of “working climate care” can already be punishable. The benefit must not necessarily be assigned to the office bearer. Also the granting of so-called third benefits can be punishable (e.g. donations which the office bearer should pass on to a party or a club to which he belongs).

For the granting of presents and benefits to national and international office bearers and equal persons therefore the following provisions apply, which have to be regarded prior:

- Principally the granting of presents and other benefits to office bearers have to be avoided.
- Only for once, gifts (e.g. calendars, books, office supplies or toiletries) are permitted if this complies with the general rules of the social intercourse and the benefit does not exceed the provided maximum value – in the absence of provision a value of 25 Euro - according to the guidelines of the receiver.
- The entertainment of office bearers may only take place on the occasion of association activities (meetings, information events, etc.) and shall be in an appropriate balance to the occasion and the function or the rank (e.g. grade level) of the participants.
- Invitations to association events have to be addressed exclusively to the service address (postal address or E-Mail address) of the invitee. In the invitation should be information about the kind of entertainment and a possible accompanying.
- At association events with invited office bearers it shall be ensured that the information content of the event is not overlaid by an eventual framework programme (no recreational character / entertainment character). Exceptions apply for events to special social occasions (e.g. years receptions, anniversaries, public part of the member meeting), to which office bearers get invited to exercise their social duty (especially ceremonial duties).
- The take-over of adequate traveling expenses (hotel costs, costs for transportation as train, flight and similar) is basically possible if it is a business trip and is guaranteed that no direct cash flow between the HK and the office bearer takes place. The entrainment of office bearers in the taxi is basically unproblematic if a collective driving route is present (e.g. to the meeting place or airport; pickup with a car from the train station).
- To grant presents and other benefits (e.g. entertainment, Fees for speeches and presentations) the special rules for the beneficiaries that are applicable for official or EU-law, federal law, state law or municipal law codes of conduct are always to be regarded. Alternatively the “texts for prevention of corruption” of the federal ministry of

interior (especially: Code of conduct against corruption; circular about the ban of acceptance of rewards or presents) apply.

Observance of the tax regulations

With the acceptance and granting of presents and other benefits (e.g. donations and sponsoring) the tax regulations always have to be regarded.

- On the side of the recipient (HKI employees or third persons) benefits can be liable to income tax. From the perspective of the donors (HKI) benefits can display taxable wages and because of that they fall under income tax deduction.
- Sponsoring agreements can have effects on the tax exemption of the HKI, if because of the sponsoring an economic business is founded.
- Immediate and indirect party donors shall be tax paid.
- Even before appropriate actions the respective tax requirements shall be considered and if necessary the account department shall be involved.

Bribery

The maintain of the integrity of our association is the first priority also in the trade and shall therefore be regarded by all employees.

The granting or accepting of benefits in trade is punishable if the competition is influenced unduly because of that (§ 299 StGB).

- Invitations, discounts, benefits, favors, etc. which are offered to establish or maintain a good business climate of constant or potentially business partners of the HKI (assessors, hotels, it-companies, catering etc.) are only allowed to be accepted after the general principles for the dealings with benefits (see above) if they move within the social standard.
- The acceptance and granting of benefits whose value recognizable exceeds the benchmark of 40 Euro, is principally not permitted. In cases of doubt, the responsible managing director has to be consulted.

Example: You are responsible for the purchase of office furniture in a company. The sales assistant of the furniture company, of which you regularly obtain furniture, offers you an envelope with 100 Euro "for the years and years of work" (or WM-tickets with a value of 80 Euro etc.). How should you behave?

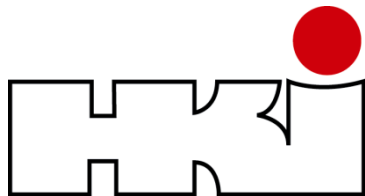
You should politely refuse the envelope. Because you could be tempted to prefer the furniture company in an unfair advantage and thereby expose yourself to the accusation of corruption.

- In any case it is forbidden to demand personal benefits.

- Possible conflict of interests shall be published to the management by the employee, in advance of a contract initiation.

Example: You are responsible for the printing of brochures in a company and shall quickly complete an information flyer. Because the usual printing companies are fully occupied, you consider to hire your brother, who also runs a printing company and could directly conduct the order. What should you do?

To avoid any impression of prejudice (“nepotism”) you should report the management about the printing company of your brother and bid the management to take the decision about the contract of the order off your shoulders.



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