

Consolidated non-financial statement 2017 of the Masterflex Group for the Group and Masterflex SE

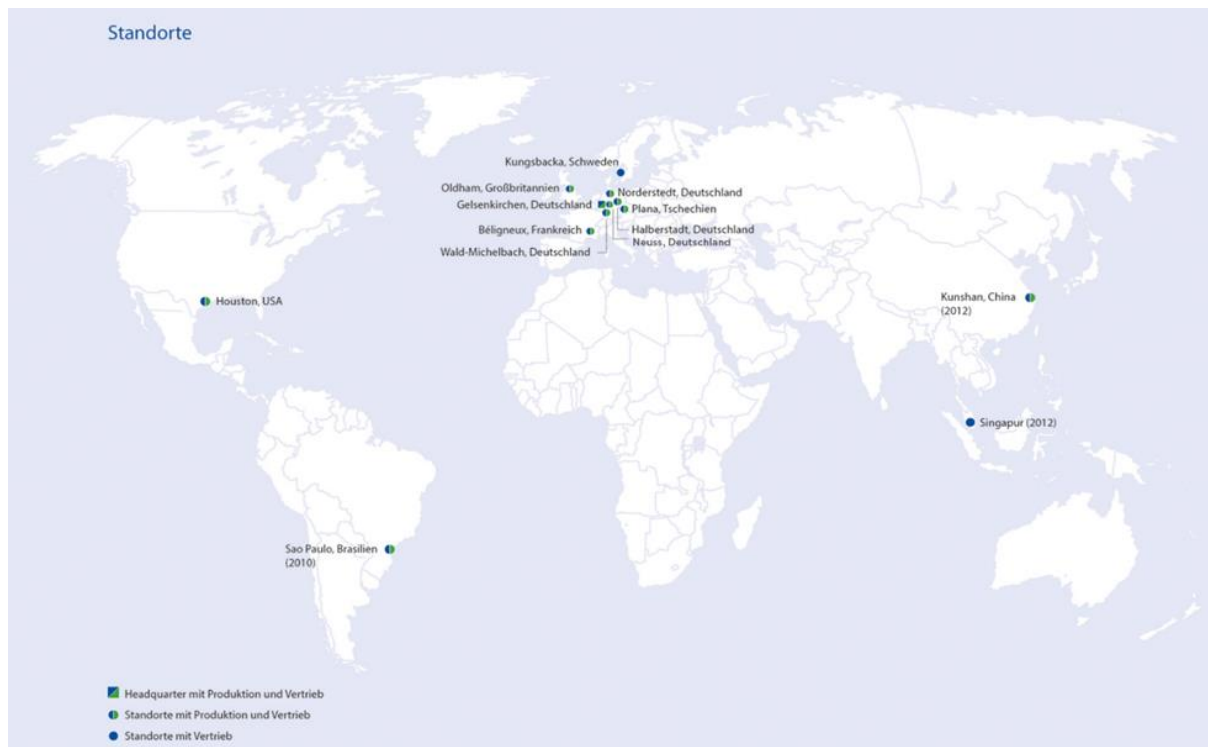




The business model

Masterflex SE, Gelsenkirchen, is the parent company of the Masterflex Group (referred to here as the Masterflex Group). The business activities of Masterflex SE and of the Group focus on the development, production and marketing of high-tech hoses and connection systems for a wide range of applications in industry and manufacturing. This business has been the continuously profitable mainstay of the Masterflex Group since it was founded over 30 years ago. The development of and consultancy in hoses and connection systems will also be marketed as a separate service alongside that business in the future.

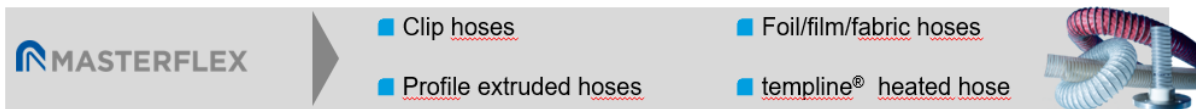
The main production sites of the international Masterflex Group and, since the beginning of 2017, its 14 operating subsidiaries and six corporate brands are Gelsenkirchen, Halberstadt, Neuss, Norderstedt, Neuss, Houston (United States) and Kunshan (People's Republic of China). In addition, the Masterflex Group has subsidiary branches with some small production lines and sales partnerships at various locations in Europe, America and Asia.



The brands

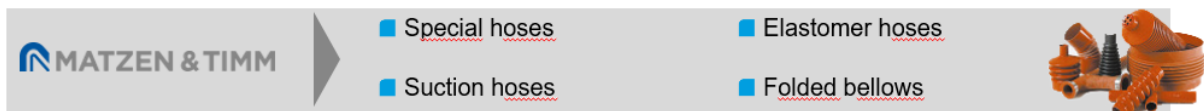
The six corporate brands of the Masterflex Group represent at the same time its most important operating companies with their own production capacity. Each with their own product portfolio, the six brands are integral elements of the harmonised market presence under the umbrella brand name MASTERFLEX GROUP. In addition to these brand companies, there are a further eight operating subsidiaries in Europe, North and South America and Asia, which distribute these brands and also manufacture some of them on site.

The slogan **Connecting Values** expresses our core competence: integrated connection solutions that are tailored to customer-specific requirements, in combination with German engineering that is deployed in a global production system, together with a strong customer focus in terms of consultancy, service, reliability and safety. This is what **Connecting Values** means in sum. And by connecting values, we provide added value for our customers.



The business in spiral hoses is the core competence of the Masterflex brand, where the focal point of production is in Gelsenkirchen. Clip hoses and film hoses are developed, produced and distributed alongside extruded spiral hoses. Connection elements such as sleeves, flanges, threaded couplings, clamps and other accessories round off the range of solutions for flexible connections tasks and allow partly unique system solutions to be created.

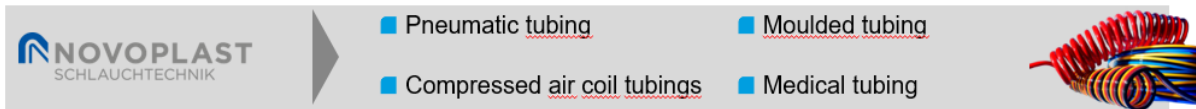
The extensive range provides products that meet individual requirements and complex challenges. Regardless of whether very abrasive solid materials, aggressive chemicals, gaseous media at temperatures of over 1,100°C or even food for example has to be transported: our hoses made of high-tech polymers and fabrics always represent a practical and customer-oriented, flexible solution.



The brand company Matzen & Timm is a renowned and international manufacturer of special hoses, bellows and moulded parts made from high-quality synthetic rubber materials, such as silicon. The majority of the products are manufactured using manual industrial operations and are applied everywhere that precision and special resilience are required. This includes the aviation industry, the automotive sector and rail transport in particular. Production is carried out in Norderstedt near Hamburg and in Plana in the Czech Republic.

Our special hoses can be found for example in the air conditioning systems of the Airbus A 380 and the Airbus A 350, under the bonnet of a race car at the German Touring Car Masters (DTM) and in modern train systems. At this manufacturer with its own development department, the value chain covers all the steps from design, simulation (FEM) and qualification at the customer, through the manufacture of prototypes, and all the way up to series production. All almost all the products are customer-specific special designs.

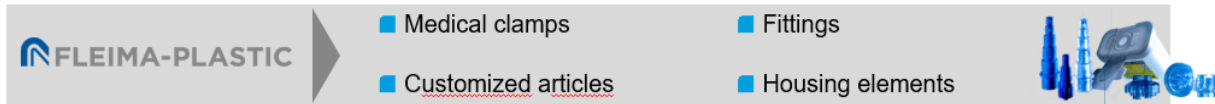
Not least thanks to its experienced handling of the most varied of qualification requirements and its high level of development skills, Matzen & Timm has been regarded for more than 50 years as one of the significant suppliers to the aerospace industry and the special vehicle construction and mechanical engineering sector. Innovative products, such as the lightweight and/or electrically conductive hose or the protective hose for fuel lines in aircraft, satisfy the highest requirements for safety and function.



The brand company Novoplast Schlauchtechnik GmbH in Halberstadt specialises in the extrusion of hoses and profiles with diameters ranging from 0.5 to 50 mm for industrial and medical applications. These products also sometimes undergo further processing, for example by heat setting or other special assembly and moulding processes. Heat setting allows moulded hoses to be manufactured with complex geometries and bend radii in line with customer requirements and with greater precision in 2D and 3D variations. It is precisely these capabilities that open up previously little known fields of application, such as the substitution of metal pipes with low-noise or vibration-free plastic connections.

The hose and profile extrusion takes place in state-of-the-art facilities. The large range of materials is regularly supplemented by other special materials. Clean rooms of ISO classes 6, 7 and 8 have been set up for production work in medical technology.

Novoplast Schlauchtechnik works closely with its affiliated company FLEIMA-PLASTIC GmbH, a manufacture of precision injection moulded parts for medical technology purposes. This enables the company to offer customers total medical solutions from a single source, consisting of hose and medical components, such as Luer lock connectors, drip chambers and roller clamps.



Founded in 1974, the brand company FLEIMA-PLASTIC GmbH in Wald-Michelbach/Odenwald, has formed part of the Masterflex Group since 2004. It produces high-quality injection moulded parts and mounted assemblies made of plastics with a focus on the areas of medical technology, cosmetics and food technology. In its modern factory, injection moulded components are manufactured – also using multi-component technology – assembled and refined among other things in clean rooms of ISO classes 7 and 8. The company additionally has great experience in the construction of precision injection moulded tools in its own mould making unit and in the production of prototypes using all current rapid prototyping procedures.

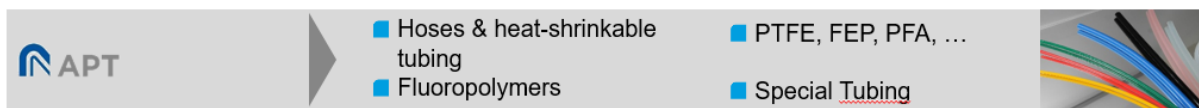


The Masterflex Group is represented in North and South America by Masterduct Holding, Inc., a wholly owned subsidiary of Masterflex SE. Masterduct Holding includes three operating subsidiaries: Masterduct Inc. and Flexmaster U.S.A., both located in Houston, Texas, and Masterduct Brasil LTDA in Sao Paulo, Brazil.

The Masterduct companies operating in North and South America and Flexmaster U.S.A. also function as brand companies with a corresponding product portfolio.

Flexmaster U.S.A. is well established as a hose specialist for heating, ventilation and air conditioning (HVAC for short) in the air conditioning and ventilation sector and is a leader in applications for public works, for example in hospitals, schools, sports centres and universities. Flexmaster U.S.A. is a preferred supplier in the health sector, because the products do not contain any adhesives or solvents at all. Moreover, sound-insulating hoses for sound proofing are used in place of metal connections, as they are more cost-effective, more flexible and more sound-absorbent.

Masterduct sells the portfolio of the Masterflex and Novoplast Schlauchtechnik brands on the American market under its own brands. The customer base extends from the wood industry, mechanical engineering and the plastics industry, through the aviation and service industries, to the US government.



We acquired the company APT Advanced Polymer Tubing GmbH in Neuss at the beginning of 2017. The company specialises in smooth and shrink tubes made of fully or partially fluorinated plastics. APT tubes can be deployed permanently at temperatures ranging from minus 200 to plus 260 degrees Celsius. Furthermore, they are resistant to a great many of the chemicals used in industrial manufacturing processes. APT products owe these properties to the processed raw materials FEP (fluorinated ethylene propylene), PFA (perfluoralkoxy alkane) and PTFE (polytetrafluorethylene). These fluoroplastics require very special processing expertise as well as a high-quality machine plant designed for this purpose. The Masterflex Group has had this specialist expertise since the acquisition of APT.

AMPIUS

In future, all networkable, intelligent hoses and connection solutions of the Masterflex Group will be marketed under the brand name AMPIUS, which was launched on the market in February 2017.

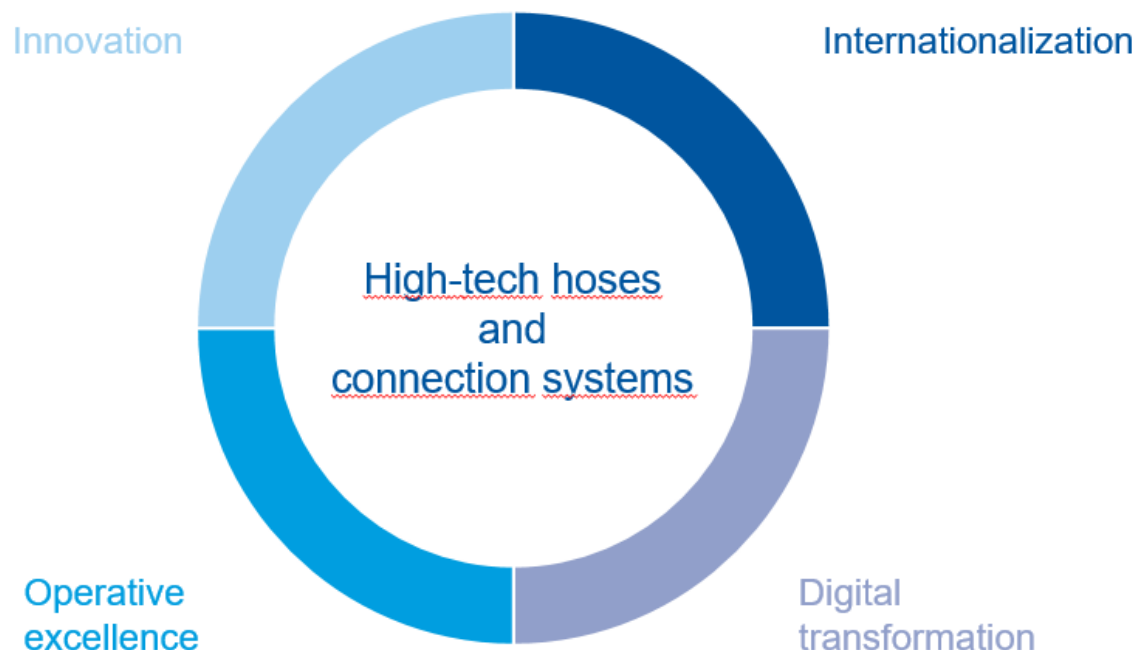
The opportunities for digitalising hoses and connections will initially play an important role in particular in monitoring operations in industrial production processes. The scope and the employment of digital data acquisition and use in hoses will adapt to the individual customer requirements. With these new “smart products”, the Masterflex Group is taking on a leading role in the development of digitalised connection solutions.

Our growth strategy

The Masterflex Group pursues a long-term, value-driven growth strategy that has so far been founded on the pillars of internationalisation and innovation. This has enabled the Masterflex Group to generate annual growth of around 7% since 2010.

Our business model is characterised by extremely broad diversification in terms of customers, customer industries and the fields of application in which our connector products are used. The multi-faceted nature of our business, combined with extremely small batch sizes in some cases, means the Group would be unable to continue on its planned growth path without adjusting its strategy unless it was willing to do so at the expense of internal efficiency. In addition, the market transparency that is accompanying the digitalisation of the economy is placing growing cost pressure on almost all manufactured products. We expect this development to continue over the coming years.

We have refined our growth strategy to take account of these requirements. In addition to the targeted Internationalisation and intensive innovation, we have adopted Operational Excellence and Digital Transformation as strategic business principles to be implemented throughout all areas of the Masterflex Group. This implementation is now being initiated successively, starting with the German locations.



Strategy

1. Strategic analysis and anchor

Our sustainability strategy pursues the goal of stable, sustainable growth in order to secure the long-term success of the company. We are of the firm opinion that long-term corporate success can be achieved only where economic, social and ecological aspects are harmonised with each other. Based on this, sustainability is a requirement of our corporate strategy and thus a core element of our decisions at all levels.

Responsible management must be anchored at the highest level. Relevant fields of action are assessed at regular strategy meetings that are held at least once a year. Sustainability has thus become a subject that the Executive Board, but also the Supervisory Board and the management of the Masterflex Group deal with on a regular basis. Just as important is its anchoring in the workflows and operating processes. Management and implementation takes places in the competent specialist departments. To this end, projects and activities are discussed at regular management meetings and considered from sustainability perspectives.

2. Materiality and measures

Our core business is the development, production and marketing of high-tech hoses and connection systems. A constant and integral part of our corporate philosophy, the sustainable use of resources has to be mentioned in particular here. For that reason, we implement a continual improvement process to review and to increase both in production and in development our efficiency in matters of resources and the environment.

We invested a good € 7 million in a building extension in Gelsenkirchen in 2016. The new two-storey building expands our production capacity in spiral hoses by up to 2,400 square metres and our warehousing capacity by around 3,700 square metres. This represents an investment in highly modern production facilities characterised by reduced energy consumption. On top of that, we are reducing our primary energy demand and fulfilling ecological demands through the use of new heat recovery systems. The air in the manufacturing halls that is heated during the production processes is led through heat exchanges to the heat recovery plants. The charged heat exchangers subsequently heat the incoming fresh air from outside to such a degree that a pleasantly temperate, yet good air climate is maintained in the production halls. In the ideal case, energy savings of up to 95% can thus be generated.

Furthermore, further production and warehouse facilities in the Masterflex Group were converted to cost-effective LED lighting in the last year. LED lights do not contain toxic substances and significantly reduce CO₂.

We primarily process polymers that do not contain toxic elements during our production of our high-tech hoses and connection systems. We consistently minimise the use of plastics, metals and energy. This reduces costs and reduces the burden on the environment.

Waste is created in the production process for our profile-extruded PUR hoses. By optimising our production facilities and manufacturing processes, we are continually reducing the amount of waste as far as possible. For waste that is nevertheless generated, a distinction is made in its recovery between reuse, recycling and other recovery, for example energy recovery. Scrap

that accumulates at the start and at the end of production is extensively recycled: strands and polyurethane are separated from each other and resold.

Disposal is permitted only when recovery is not technically possible or not economically reasonable.

As a global market leader and technology driver for technical hoses and connection systems, the Research and Development division is an important building block in the sustainable development of the Masterflex Group. By developing innovative products and procedures, we are able to offer hoses and individual connection solutions for the highest requirements. Many of our products play a global role in reducing energy and resource consumption, cutting costs through optimised operating procedures, protecting the environment, designing safer working environments, creating pleasant room air quality and enabling the best possible medical care. Thanks to the use of the finite element method, hoses can be simulated on the computer in their area of application in a resource-efficient way, which makes the expensive production of samples unnecessary.

Digital transformation opens up for the Masterflex Group and our stakeholders major opportunities for greater quality of life, forward-thinking business models and more efficient economic activity. That is why we will further intensify our technological leadership with the active digitalisation of our solutions under the AMPIUS name and set ourselves new challenges. We have moreover been making good progress for some time now in the necessary structural and procedural changes to position the Masterflex Group in a scenario of significant growth. Digitalisation and the networking of all stages of the value chain throughout the industry that it enables will also produce massive change in the market for high-tech hoses. Our customers expect us to deliver innovative products that play their part in the digitalisation and optimisation of the production processes.

Committed, satisfied employees are another very important factor for the successful development of innovative products and also for the integrated implementation of our sustainable corporate strategy. The potential of our workforce is a key source of our company's success. By continually developing and improving staff recruitment and development, we intend to continue to maintain our employees' commitment and additionally to secure for ourselves the talent on the employment market that we need to master the challenges of the future. To this end, we make a targeted approach to potential specialist and young talent at career fairs and through electronic media. We are involved in co-operation projects with universities, offer work placements and regularly take part in the annual "Girls' Day" campaign.

A low turnover rate in many of our units and positive rates in employees returning to the company after taking parental leave point to great satisfaction among our staff. As a values-oriented company, our corporate culture plays a part in the fact that our staff are proud to work for us. This culture provides orientation for our actions and how we treat each other, which is characterised by openness, tolerance and mutual respect.

In summary, social responsibility especially in the area of our staff and also the resource-efficient use of materials, processes and methods are for us the key points of focus of corporate social responsibility.

3. Objectives

Our sustainability strategy pursues the goal of stable, sustainable growth in order to secure the long-term success of the company. We are of the firm opinion that long-term corporate success can be achieved only where economic, social and ecological aspects are harmonised with each other. Based on this, sustainability is a requirement of our corporate strategy and thus a core element of our decisions at all levels.

We will also integrate sustainability perspectives in our decision-making process in the future in order to drive forward sustainable corporate activity from strategy to implementation.

4. Depth of the value chain

Our core business is the development, production and marketing of high-tech hoses and connection systems. A major share of the value chain lies in the processing of polymers that do not contain any toxic elements. We consistently minimise the use of plastics, metals and energy. The goal is to achieve the greatest possible degree of utilisation from the raw materials employed by minimising waste. By optimising our production facilities and manufacturing processes, we are continually reducing the amount of waste as far as possible. For waste that is nevertheless generated, a distinction is made in its recovery between reuse, recycling and other recovery, for example energy recovery. Scrap that accumulates at the start and at the end of production is extensively recycled: strands and polyurethane are separated from each other and resold. Disposal is permitted only when recovery is not technically possible or not economically reasonable.

Corporate social responsibility thus plays a role all the way from purchasing, through production, to dispatch as well as in the sales and development processes.

Process management

5. Responsibility

The central responsibility for sustainable action in the Masterflex Group is borne by the Executive Board. Sustainability is also firmly anchored in the operating processes and the internal workflows. Management and implementation takes places in the competent specialist departments. To this end, projects and activities are discussed at regular management meetings and also considered from sustainability perspectives.

6. Rules and processes

Projects and activities are discussed at regular management meetings and also considered from sustainability perspectives.

This is carried out in accordance with applicable internal policies, organisational instructions and also through various location-specific certifications in the areas of quality (DIN EN ISO 9001, DIN EN ISO 13485 and DIN EN ISO 9100), the environment (DIN EN ISO 14001) and energy (DIN EN 16247-1). The following key certifications have been implemented at the locations of the Masterflex Group:

Gelsenkirchen site:

- **Quality management system DIN EN ISO 9001:2015**
Our procedures, processes and work are certified by auditing in accordance with DIN EN ISO 9001. In 2016, we adapted our processes and documentation at the Gelsenkirchen site to the new DIN EN ISO 9001:2015 standard.
- **Energy efficiency audit DIN EN 16247-1**
The goal is to improve energy efficiency and reduce energy consumption through a comprehensive, systematic review of energy consumption.
- **EcoProfit operations**
The consumption of resources in the company is reduced and the burden on the environment is relieved as a result of the ecological project for integrated environmental technology.
- **“Family-friendly” operations**
The Gelsenkirchen site was honoured back in 2012 for its family-friendly working time models and emergency arrangements (keywords illness, cancelled classes) that have been its usual practice for many years.

Halberstadt site:

- **Quality management system DIN EN ISO 9001:2008**
Our procedures, processes and work are certified by auditing in accordance with DIN EN ISO 9001.
- **Medical products – Quality management system DIN EN ISO 13485:2012**
The processes that have been introduced and their effectiveness in meeting the requirements for our products are certified in accordance with DIN EN ISO 13485. The core challenge relates to product safety during manufacture and the placing of medical products on the market.
- **Environmental management system DIN EN ISO 14001:2004**
With the certification pursuant to DIN EN ISO 14001, we undertake both officially and in terms of our organisation to record all activities related to the environment, to follow the environmental policy that we have established and to endeavour to make continual improvements in the whole of our environmental performance.

Norderstedt site:

- **Aviation and aerospace quality management system EN 9100:2009**
Our procedures, processes and work are certified by auditing in accordance with the EN 9100 standard at our Norderstedt site.

The European Standard EN 9100 lays down the framework for a quality management system for aviation, space and defence organisations on the basis of the general quality management standard DIN EN ISO 9001.

Certification in accordance with EN 9100 is technically equivalent to AS 9100 and JISQ 9100. It corresponds to QSF-C of the Bundesverbandes der Deutschen Luft- und Raumfahrtindustrie e.V. (BDLI – German Aerospace Industries Association).

- **QSF-C supplier**

The Norderstedt site has been qualified as a systems manufacturer by Airbus Germany. Systems manufacturers are responsible for the development and production of technically complex systems and also bear responsibility under aviation law. The QSF standard that is used (Qualitätssicherungsforderungen – quality assurance requirements) has been developed by the member companies of the German Aerospace Industries Association.

- All aerospace products comply with special requirements of **JAR/FAR 25.853(a) and ABD 0031.**

- Energy efficiency audit **DIN EN 16247-1**

The goal is to improve energy efficiency and reduce energy consumption through a comprehensive, systematic review of energy consumption.

Wald-Michelbach site:

- Quality management system **DIN EN ISO 9001:2008**

Our procedures, processes and work are certified by auditing in accordance with DIN EN ISO 9001.

- Medical products – Quality management system **DIN EN ISO 13485:2012**

The processes that have been introduced and their effectiveness in meeting the requirements for our products are certified in accordance with DIN EN ISO 13485. The core challenge relates to product safety during manufacture and the placing of medical products on the market.

- Energy efficiency audit **DIN EN 16247-1**

The goal is to improve energy efficiency and reduce energy consumption through a comprehensive, systematic review of energy consumption.

Neuss site:

- Quality management system **DIN EN ISO 9001:2015**

Our procedures, processes and work are certified by auditing in accordance with DIN EN ISO 9001. In 2017, we adapted our processes and documentation at the Neuss site to the new DIN EN ISO 9001:2015 standard.

Oldham (UK) site:

- Quality management system **DIN EN ISO 9001:2015**

Our procedures, processes and work are certified by auditing in accordance with DIN EN ISO 9001. In 2017, we also adapted our processes and documentation at the Oldham (UK) site to the new DIN EN ISO 9001:2015 standard.

Kunshan (China) site:

- Quality management system **DIN EN ISO 9001:2008**
Our procedures, processes and work have been certified by auditing in accordance with DIN EN ISO 9001 since May 2016.

7. Control

We regularly collect and analyse data so that we can measure our activities in the relevant fields of action involving sustainability. For example, in the area of human resources policy, we record:

- Turnover rate
- Illness rate
- Training rate
- Equalisation fee for severely handicapped persons
- Rate of return after parental leave
- Personnel development measures per employee
- Participation in training activities
- Status and development of the average age

Data relevant for sustainability can be retrieved directly at locations with certifications in the areas of quality (DIN EN ISO 9001, DIN EN ISO 13485 and DIN EN ISO 9100), the environment (DIN EN ISO 14001) and energy (DIN EN 16247-1). It is not possible, however, to provide comprehensive information on all required performance indicators on account of the organisational structure of the Masterflex Group, the most recent company acquisitions and also particular country-specific features.

8. Incentive systems

Target agreements and remuneration are based in the Masterflex Group on the requirements of the job, the individual performance of the employee and the success of the company. Target agreements for the management are defined in regular performance reviews. The performance-based variable components of the Executive Board's remuneration are furthermore linked to the company's sustainable creation of value (also see on this the remuneration report in the annual report).

9. Participation of stakeholder groups

Direct contact with customers, suppliers, employees, society and the general public is of great importance for Masterflex SE and for the subsidiaries of the Masterflex Group. A stakeholder analysis laid down in writing has not been drawn up, however. The inclusion of our stakeholders has been processed selectively up to now. The focus has essentially been placed on employees, customers and suppliers here.

10. Innovation and product management

As a global market leader and technology driver for technical hoses and connection systems, the Research and Development division is an important building block in the sustainable development of the Masterflex Group. By developing innovative products and procedures, we are able to offer hoses and individual connection solutions for the highest requirements. Many of our products play a global role in reducing energy and resource consumption, cutting costs through optimised operating procedures, protecting the environment, designing safer working environments, creating pleasant room air quality and enabling the best possible medical care.

Digital transformation opens up for the Masterflex Group and our stakeholders major opportunities for greater quality of life, forward-thinking business models and more efficient economic activity. That is why we will further intensify our technological leadership with the active digitalisation of our solutions under the AMPIUS name and set ourselves new challenges. We have moreover been making good progress for some time now in the necessary structural and procedural changes to position the Masterflex Group in a scenario of significant growth. Digitalisation and the networking of all stages of the value chain throughout the industry that it enables will also produce massive change in the market for high-tech hoses. Our customers expect us to deliver innovative products that play their part in the digitalisation and optimisation of the production processes.

The Masterflex Group was recognised as one of the Germany's top 100 most innovative SMEs in 2016 – having been awarded the accolade from the Top 100 organisers. Our innovation management is rate “A” overall and is thus an exceptionally professional innovation management also by international standards according to the Top 100 judges.

Environment

11. Use of natural resources

We primarily process polymers that do not contain toxic elements during our production of our high-tech hoses and connection systems. We consistently minimise the use of plastics, metals and energy. This reduces costs and reduces the burden on the environment.

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Disposal is permitted only when recovery is not technically possible or not economically reasonable.

The sustainable use of resources is a constant and integral part of our corporate philosophy. For that reason, we implement a continual improvement process to review and to increase both in production and in development our efficiency in matters of resources and the environment.

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Furthermore, further production and warehouse facilities in the Masterflex Group were converted to cost-effective LED lighting in the last year. LED lights do not contain toxic substances and significantly reduce CO₂.

12. Resource management

The consideration of ecological concerns is of great importance for the Masterflex Group. Our objective is to act in a way that is environmentally conscious as possible and always to fulfil our environmental responsibility. This is particularly true when it comes to the raw materials that we process, but it also concerns our consumption of energy and water, our emissions as well as the volumes of waste and waste water we create.

In our transport packaging, we take care that the consumption of resources is reduced among other things through the use of what are known as deposit boxes. Our packaging regulations take not only quality, but also environmental requirements into consideration.

We procure our raw materials almost exclusively from countries in the EU, which reduces the dependency on energy-intensive imports.

13. Climate-relevant emissions

As a global market leader and technology driver for technical hoses and connection systems, we develop innovative products for the highest requirements. Many of our products play a global role in reducing energy consumption and protecting the environment. We thus make a crucial contribution to climate protection. We want to utilise energy as efficiently as possible and contribute to global climate protection through the related reduction in CO₂ emissions also within the framework of our own processes. No assessments have yet been made that provide information on greenhouse gas emissions in accordance with the Greenhouse Gas Protocol or standards based on the protocol.

Society

14. Employee rights

The Group's Executive Board summarised the unqualified commitment to compliance with national and international norms and standards as well as to our environmental and social responsibility in the "Code of Conduct of the Masterflex Group" as early as January 2014. This builds on the principles of the United Nations Global Compact and forms the binding benchmark for all parties that act in the name of the Masterflex Group.

The ten principles of the UN Global Compact:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should advocate the elimination of all forms of forced and compulsory labour.
5. Businesses should advocate the effective abolition of child labour.
6. Businesses should advocate the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

An Employee Suggestion Scheme has been operated in the Masterflex Group for many years. Employees can submit their ideas and suggestions for improvement in this scheme. In this process, they also take part financially in saving and improvements for the company, among other things.

15. Equal opportunities

The potential of our workforce is a key source of our company's success. By continually developing staff recruitment and development, we intend to continue to maintain our employees' commitment and additionally to secure for ourselves the talent on the employment market that we need to master the challenges of the future. To this end, we make a targeted approach to potential specialist and young talent at career fairs and through electronic media. We are involved in co-operation projects with universities, offer work placements and regularly take part in the annual "Girls' Day" campaign.

A low turnover rate and positive rates in employees returning to the company after taking parental leave point to great satisfaction among our staff. As a values-oriented company, our corporate culture plays a part in the fact that our staff are proud to work for us. This culture provides orientation for our actions and how we treat each other, which is characterised by openness, tolerance and mutual respect.

The social responsibility embodied at the Masterflex Group is underlined by the offer of a wide range of personal benefits for our staff:

- **Career and home**
We attach great importance to the ability of our staff to balance their career and their family life or particular situations, and we encourage this with flexible and modern working time models adapted to the different stages of life that our employees go through. These include flexitime arrangements, part-time models and home office options.
- **Health management**
Within the framework of the company health management, we work together with the company "medicos Auf Schalke" at our headquarters in Gelsenkirchen, for example. In accordance with the Betsi prevention programme ("Beschäftigungsfähigkeit teilhabeorientiert sichern" – "Securing employability through participation"), we enable our staff to take part in this health promotion programme. Furthermore, we offered all staff free influenza vaccination at the Gelsenkirchen site in 2017.
- **Occupational safety**
We have high safety standards that are regularly audited in order to guarantee the prevention of dangers and the elimination of risks to the safety of our staff.
- **Other company benefits**
We offer our staff a company pension scheme at the market leader for pension products, bright and modern workplaces, a fast Internet connection, company parking spaces, travel subsidies for using public transport, recreation rooms, joint activities, staff parties, apprentice days, corporate running events, Christmas parties and fresh fruit and water.

The Masterflex Group is also conscious of its social responsibility and therefore endeavours to play an active and co-operative role in the community. For example, we have for a long time supported nearby social institutions that have set themselves the goal of and focus on supporting children and youths and also on the inclusion of people with handicaps in the job market.

The greatest importance is attributed here to the co-operation of our site in Norderstedt with the Elbe-Werkstätten in Hamburg, which supports handicapped people with vocational training and job opportunities. Employees from the Elbe-Werkstätten have been deployed at the Norderstedt site performing light work activities since 2011. We have set ourselves the goal with the inclusion agreement of assigning duties to people with handicaps that provide a sense of value and in which they can optimally apply and develop their strengths and potential and earn recognition for the performance that they achieve. We thus internalise together the theme of inclusion and successfully put it into practice as a matter of course in our daily interaction with each other.

A further expression of our social responsibility is the co-operation that was launched in 2012 with the Gelsenkirchener Kindertafel (children's food charity) as part of the Gelsenkirchener Tafel (food charity). The primary goal of the co-operation is to support the charity both in its initiative and in the other activities its provide for disadvantaged children and their families, such as the charity's clothing store.

Providing long-term support to the commitment of the children's food charity is something that is very close to our heart. When children from socially disadvantaged families – for whatever reason that may be – have to go to school on an empty stomach, they will lack the basic ability to learn. And then the future opportunities of these children later to get a good education and a good start to a career is reduced from the very outset. But what this is primarily about is the satisfaction of a basic need: eating.

The entry fees paid for our staff to participate in local corporate running events, such as the B2Run in Gelsenkirchen, is donated on a pro rata basis to support social projects. Furthermore, the Masterflex Group additionally donates a fixed amount to the Gelsenkirchener children's food charity for each runner. And we have done that since the very first edition of the good six-kilometre B2Run corporate event at the Auf Schalke arena.

16. Qualification

At the Masterflex Group, employees are offered prospects at every stage of their life and career so that their individual needs can be harmonised with the requirements of the company. These include flexible and modern working time models adapted to the different stages of life that our employees go through, such as flexitime arrangements, part-time models and home office options.

With our extensive measures in health management, high degrees of individual responsibility and scope for action at the workplace as well as systematic qualification and further training programmes, we pursue the goal of maintaining the health and capabilities of our staff and of actively promoting lifelong learning.

Maintaining and supporting the health of our staff is an important concern of ours. We provide working conditions that guarantee the highest degree of occupational safety. Furthermore, we

are intensively involved in the training of young people and in principle take on all apprentices for a minimum of 12 months after they have successfully completed their training.

Through our targeted approach to potential specialist and young talent at career fairs and through electronic media, we additionally set out to secure for ourselves the talent on the employment market that we need to master the challenges of the future. We are involved in co-operation projects with universities, offer work placements and regularly take part in the annual “Girls’ Day” campaign.

17. Human rights

Respect for human rights enjoys great importance in the Masterflex Group. In our code of conduct, we make a clear statement against all kinds of forced and child labour as well as slavery and human trafficking. We address this statement not only to ourselves, but also expect this conduct from our contract partners.

18. Community

The Masterflex Group is also conscious of its social responsibility and therefore endeavours to play an active and co-operative role in the community. For example, we have for a long time supported nearby social institutions that have set themselves the goal of and focus on supporting children and youths and also on the inclusion of people with handicaps in the job market (cf. on this sections 12 and 16 as well).

19. Political influence

We always preserve our political independence in our dealings with the business, political and academic sectors. This is true both at the local and regional as well as national level. We do not exercise political influence through donations or other campaigns.

20. Conduct in compliance with laws and policies

The business of the Masterflex Group is based on integrity, respect and compliance with the law. Compliance with all laws that provide for criminal punishment or fines and the regulations implementing them within the company and ethically correct, values-based economic action are therefore of crucial importance to us.

As a group of companies with an international focus, the Masterflex Group is subject to a large number of country-specific and international laws, ordinances, regulations and internal Group policies that as a whole form the binding framework for the business activities of the Masterflex Group throughout the world. It is therefore absolutely essential that the executive bodies, the management and all employees know and comply with the legal obligations relevant to their work.

The Masterflex Group has established a compliance management system that pursues a preventive compliance approach and clarifies possible legal risks to employees and supports them in their endeavours to comply with local and international legal regulations.

The code of conduct of the Masterflex Group forms the basis for the compliance management systems and provides an overview of the legal issues relevant for the Masterflex Group, while on the other hand setting (minimum) standards for ethical conduct in compliance with the law. It is available in German and English and can be downloaded at any time. With these principles of behaviour, we make clear the standard that we set for the conduct of our employees and Executive Board members as well as our business partners and at the same time communicate the key principles of our business conduct. We understand these principles of behaviour as a minimum standard for our co-operation and interaction with customers, suppliers, competitors, shareholders and authorities.

By implementing this code in our day-to-day business activities, we demonstrate at the same time our commitment to combating any form of unfair competition, corruption and deceit.

A particular responsibility is placed on the management when it comes to preventing violations of the law. All executives of the Masterflex Group make a written commitment to fulfil this responsibility and undertake to inform their staff of the content and importance of the code of conduct and to make them aware of legal risks. Executives have to review compliance with the code of conduct on a regular basis on their own initiative and to engage in discussions with their staff to this end.

Executives and employees receive systematic training in the principles of compliance. As a supplement to these basic training programmes, training courses on particular compliance issues are conducted for specific target groups.

We see the continued development and group-wide establishment of an effective compliance management system not only as a essential contribution to the prevention of risks in the group, but also as an expression of Masterflex SE's vision of itself and its commitment to fair, responsible and lawful action – around the world.

Suspected cases of violations can be reported to an external lawyer through the whistleblower system that has been set up. The ombudsman system is open to every employee and also to external third parties – and can also be used anonymously. The option of reporting by telephone or through an electronic mailbox that is not administered by the company is also available. Whistleblowers of course need not fear any sanctions imposed by the company as a result of them reporting their suspicions.

DNK – Statement of compliance

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