



**MUTARES**

**Compliance Management System**

Concept and setup

# The principles

## Values and Goal

### Our values

- Entrepreneurship
- Integrative management
- Sustainability
- Personal integrity

### Our vision

To be "First in mind - first in Choice" in Private Equity Turnaround.

### Our goal

Creating maximum value for our shareholders through sustainably profitable businesses.

### Our mission

Creating value by turning risks into opportunities and successes.

We decide and act quickly. We think entrepreneurial, our organization is lean and our processes are cost-efficient. Our Compliance function consists of a Compliance Officer with the overall responsibility to implement an appropriate and effective Compliance Management System (CMS) at Mutares.

In addition, a Compliance Manager must be appointed in each Portfolio Company. The respective management is responsible, together with the Compliance Manager, for implementing appropriate compliance measures at the level of the portfolio company.



We are a turnaround investor.  
Based on that, our Compliance program's goal is twofold:

We reduce liability risks for Mutares SE & Co. KGaA, Mutares branch offices and for relevant decision makers in these companies efficiently and adequately

We support the management of our portfolio companies to fulfil their independent responsibility to operate their business lawfully and in a compliant manner by providing company-wide benchmarks, tools and processes and other, more specific support as required and feasible

## Setup in line with IDW PS-980

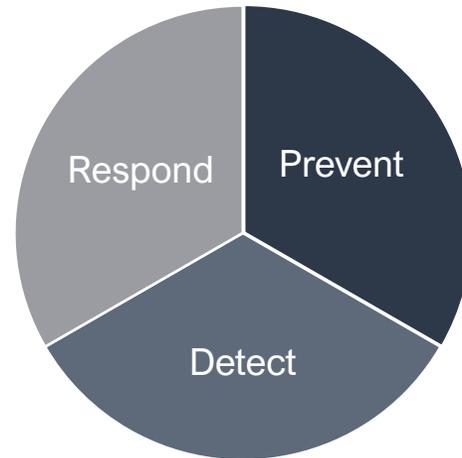


For ease of reference, we based the setup of our Compliance Management System on the 7 elements of an efficient Compliance program identified in German auditor's standard IDW PS-980.

## Our Compliance Program

We organize the concrete individual measures of our compliance program in the cycle of Prevent - Detect - Respond.

- Monitoring and Reporting
- Case Management
- Continuous improvement



- Risk assessment
- Code of Conduct and Compliance policies specifically addressing the identified Compliance topics and risks
- Tone from the Top and Communication
- Trainings and Support

- Empowered staff and strong speak-up culture
- Support from managers and subject matter experts
- Compliance Helpdesk
- Integrated control system
- Whistle Blower Portal
- Compliance Audits

### The main target:

Preventing Mutares and its staff from taking excessive risks for Mutares or individuals unknowingly by training and support as required

### Subject to possible changes in the future, we focus our CMS on the following topics:

- Capital Market Compliance
- Anti-Bribery and Corruption
- Anti-Money Laundering
- Data Protection
- Other cases of severe white collar crime

## Our Compliance Program

### Prevent

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- **Tone from the Top:** The management discusses Compliance topics in their meetings. The Compliance Officer reports relevant topics to the CFO in advance.
- **Code of Conduct and Compliance policies:** We have a Code of Conduct and Compliance policies, addressing the Compliance topics and risks we defined.
- **Training and Communication:** All staff members are required to read and confirm the Code and Compliance policies as part of their onboarding. The Compliance Officer is responsible to setup a training concept to train Compliance topics regularly.
- **Communication and support:** The Compliance Officer trains Compliance topics at internal meetings and events as required. He also provides a Compliance Helpdesk for staff.

### Detect

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- **Integrated Controls:** Mutares runs an internal controls system that provides for controls integrated in business processes.
- **Speak-Up Channels:** At Mutares, we strive to communicate openly and transparently. The first address to ask questions and raise concerns should therefore always be the direct line manager. In addition, staff is always free to approach the Compliance Officer as an independent resource. As a last resort, we also implemented a whistle-blowing portal that allows staff members and external stakeholders to raise questions and concerns anonymously.
- **Compliance Audits:** The Compliance Officer is responsible to setup a concept for Compliance audits at branch offices and portfolio companies to monitor compliance with internal rules and procedures.

### Respond

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- **Monitoring and Reporting:** The Compliance Officer regularly reviews the setup of the Compliance program and reports weaknesses and misconduct to the board.
- **Case Management:** All allegations of misconduct by Mutares staff members are being investigated as required.
- **Continuous Improvement:** Identified structural or procedural weaknesses are being mended. Identified misconduct by individuals is being sanctioned, irrespective from the person, function or role.

# Compliance in the Portfolio Lifecycle

Each CMS must fit the respective company and the specifics of its business model. The compliance measures implemented in our portfolio companies therefore also depend on the phase in the portfolio lifecycle in which the company finds itself.



## Acquisition

We invest in businesses with a sustainable businesses outlook and a reputation of ethical business conduct. We therefore conduct appropriate due diligence before taking an investment decision.

## Realignment

During Realignment phase, our portfolio companies usually face significant pressure to cut costs. Nevertheless, Compliance is deemed mandatory part of the restructuring process. Core Compliance measures like a Code of Conduct, relevant Compliance policies and speak-up channels are already being implemented as soon as possible.

## Optimization

Depending on the development of a portfolio company, the Compliance program needs to be adjusted accordingly. The local management and Compliance Managers are responsible to adapt Compliance procedures as required. The Mutares Compliance Office monitors the development and supports any required changes.

## Harvesting

As a portfolio company enters into Harvesting phase, it needs to focus on documentation. Everything needs to be put in place to prove the efficiency and adequacy of the CMS to a potential future owner.

MUTARES