

WORKING
INDEPENDENCE
RESPECT

CODE OF
CONDUCT

RELATIONSHIP
PROTECTING

CODE OF CONDUCT

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A WORD FROM THE CEO



Dear all, team members of the Group,

In an ever-changing global economic and social environment, POCLAIN is committed to a strategy of strong growth.

POCLAIN strives to maintain and strengthen the trust of its customers, shareholders, partners and employees, contributing all to its future success.

Our company is built around a core of essential values which unites us all and on which our ambition for a harmonious and sustainable growth must be based.

This Code of Conduct aims at reaffirming these values and explaining our essential principles of actions within our professional relationships so that they benefit everyone.

It must help us make good decisions; it must periodically foster our thoughts on the quality of both our internal and our external relationships.

The communication of the group values, the respect of the principles and the exemplarity that derives from them are naturally the responsibility of the management of each Group's entity.

I count on each of you, whichever country you work in, to promote this Code of Conduct and act according to its principles in all circumstances.

Laurent Bataille

Chairman and Chief Executive Officer

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ABOUT THIS CODE OF CONDUCT

Its content

The Code of Conduct defines POCLAIN's core values and the main principles of action for its employees, customers, suppliers and stakeholders.

It also aims at reminding each employee of the behaviors they have to adopt. A true reference for POCLAIN, the Code of Conduct is the basis for all internal procedures and rules in terms of ethics and compliance.

It deals in particular with Human Rights, labor laws, bribery, competition, sustainable development and confidentiality management.

Finally, the Code of Conduct specifies the organization implemented by POCLAIN to this end.

Its scope

The POCLAIN Code of Conduct applies to POCLAIN SAS and all its divisions and subsidiaries.

Each employee of POCLAIN is personally expected to implement its values and principles and to comply with the rules stipulated therein. Employees are required to formalize their commitment in writing, when they join the Group or at any time.

Managers have a particular role to play in implementing this Code of Conduct. They must embody its values, respect its rules and promote it within their teams.

You are reminded that the principles of action set out in this Code of Conduct are based on legal or regulatory requirements. This Code forms part of the mandatory provisions of our internal regulations.

Violations of these provisions may lead to sanctions, in accordance with local laws and practices.

The principles of action are not intended to be exhaustive, but address the essential topics.

They are complemented, and may in the future be further complemented, by more specific rules described in Corporate policies (e.g. Group IT charter, Travel policy, Corporate Social Responsibility policies, Quality policy, Human Resources policy...) or by regulations referring to local conditions. These rules and regulations do not in any case oppose the basic principles of the Code of Conduct.

This version of the code takes effect as of 01 October 2018.

OUR 4 VALUES

POCLAIN is based on 4 strong and enduring values which form an essential part of its culture. The Code of Conduct defines the principles which guide our Group's activities in accordance with these values.



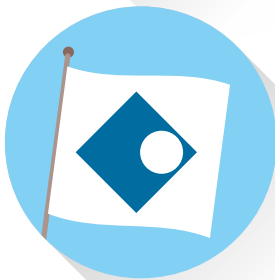
People

People are an important asset for POCLAIN. We have always been aware of how important it is for our employees to reach their full potential and develop their skills. We intend to be seen as an employer of choice. The principle of 'subsidiarity' leads us to offer conditions where self-reliance, responsibility and accountability prevail in the workplace (see page 7). POCLAIN has a long tradition of investment in training and safety.



Innovation

Innovation is essential in the genes of POCLAIN. It is the key to the perennial growth of our sales and to the enterprise value. It is something that each one of us is proud of and it is to Innovation that the POCLAIN group owes its leader position and differentiation. Our brand signature «Driving Values for the Future» truly defines the essence of POCLAIN and its commitment to be the world specialist in the field of power transmissions by offering its clients unique, high added-value solutions. Since its creation, POCLAIN has filed more than 350 patent applications.



Independence

Independence is one of POCLAIN's major strengths. Thanks to its base of loyal shareholders, among them many employees, the Company is able to build a long-term strategic vision underpinned by an in-depth knowledge of the business, the markets and its clients. We are, and will remain, a family business, committed to the future, striving towards operational excellence, and managed with ambition and care.

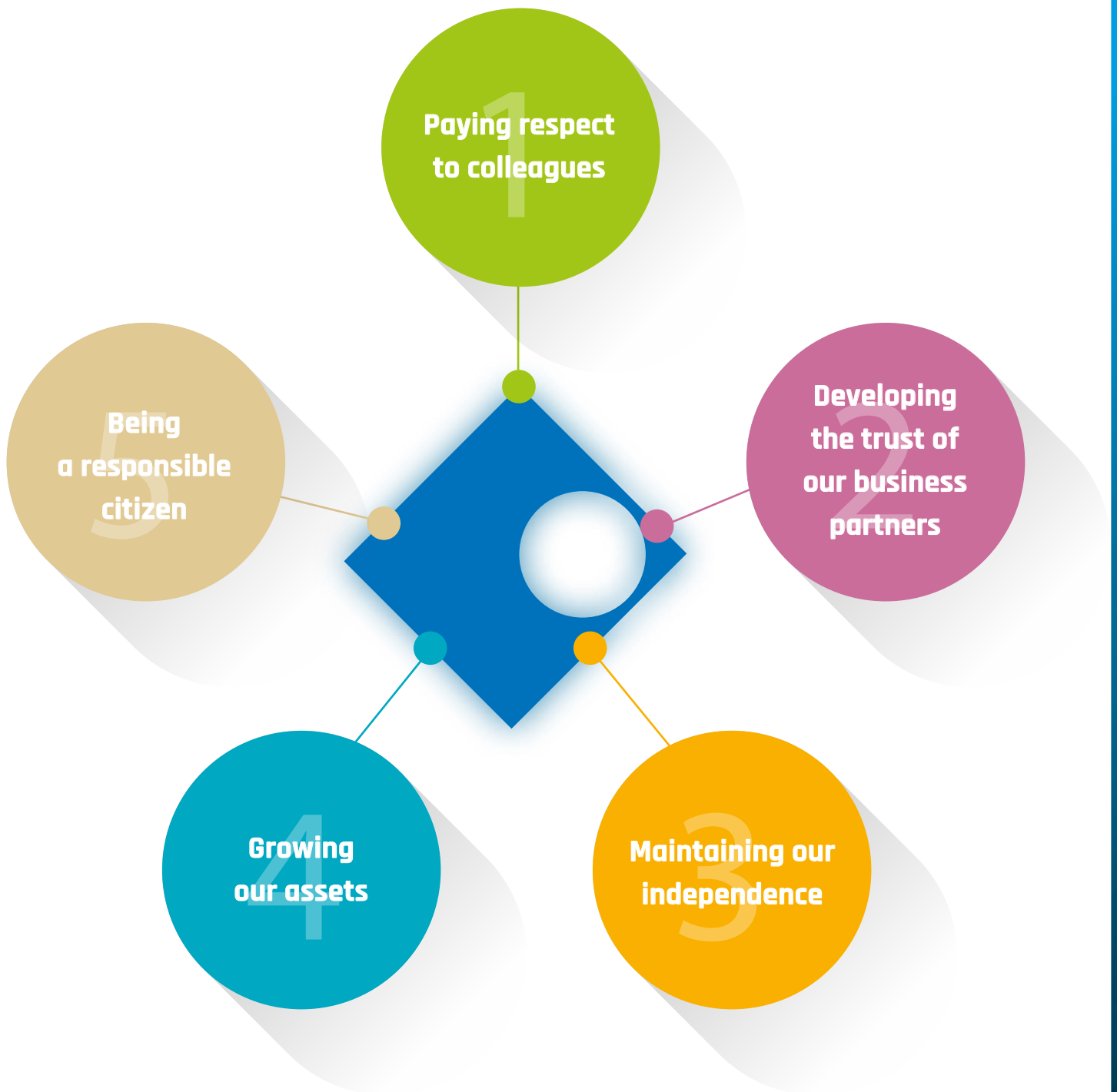


International

Our history is also that of an international and worldwide culture, which prevailed from the very start of POCLAIN in 1926. Our presence on the international market is crucial to the deployment of our strategy as a global specialist. To grow our international business, we build an efficient network, in close proximity to our clients, develop IT systems and tools designed to make work and decision-making easy. Involved in each of our entities throughout the world, we pursue a policy of global communication.

OUR 5 PRINCIPLES OF ACTION

POCLAIN is committed to managing its activities, anywhere in the world, in strict compliance with applicable international, national and local laws and regulations.



1 PAYING RESPECT TO COLLEAGUES

EMPLOYEE RELATIONS

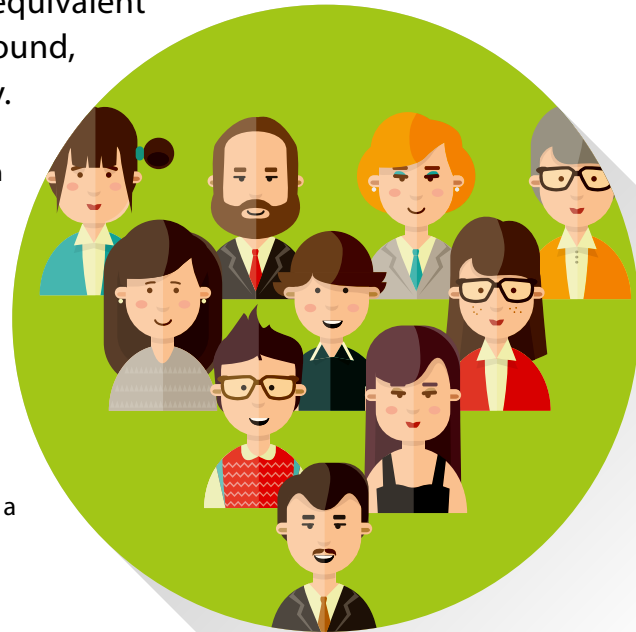
The companies in the POCLAIN group are committed to pursuing an equal opportunities policy for employees with equivalent skills, regardless of their ethnic or religious background, their opinions, nationality, age, gender or disability.

This policy applies in each phase of a professional relationship from recruitment to promotion, in selecting training topics, in attributing compensations and benefits.

The companies in the POCLAIN group are committed to treating their employees with dignity and to respecting their privacy.

POCLAIN encourages the development of its employees' skills and talents by offering them training programs, evaluating their performance and valuing their contribution to Group's results.

Each employee shall demonstrate a positive attitude, solidarity and 'intrapreneurship' initiatives in its daily working relationships for a common benefit.



PROTECTING HEALTH AND PROMOTING SAFETY IN THE WORKPLACE



The companies in the POCLAIN group shall comply with measures and procedures aiming at preventing risks to health and safety of their employees.

These measures must be regularly monitored and reviewed to ensure their lasting effectiveness.

All managers and employees are particularly responsible for maintaining health and preventing accidents in the workplace. They shall pay attention to the design, operation and proper functioning of equipment in order to mitigate any risk for employees.

All sub-contractors working on any POCLAIN group's site shall undertake to comply with the company's health and safety policy, as well as all current laws in the country they are working in.

PROTECTING PERSONAL DATA AND MAKING PROPER USE OF DIGITAL TOOLS

POCLAIN is committed to comply with laws relating to the protection of data belonging to its employees or to other third parties.

Each employee is also required to follow the rules pertaining to the proper use of IT and communications tools provided by the company and in particular the provisions of the Group IT Charter.



MAINTAINING THE BALANCE BETWEEN TRUST, EMPOWERMENT AND OBLIGATIONS

Within its network of sales and manufacturing subsidiaries, POCLAIN entrusts its local managers with the power to take operational decisions on a daily basis.

In return, POCLAIN expects its managers to be responsible and accountable for their actions and to comply with the internal rules and procedures in good faith.

They inform their hierarchy when they face situations likely to negatively affect the company, its image and its activities.

They shall implement the subsidiarity principle* within their management, in order to encourage autonomy in decision-making, creativity and development of everyone, as well as collaborative work and accountability.

* The subsidiarity principle in management implies to hand over the responsibility for resolving a particular problem to the lowest possible level of competent authority; higher hierarchical levels only intervene if the required response exceeds the abilities of the level concerned.



2 DEVELOPING THE TRUST OF OUR BUSINESS

STRIVING FOR EXCELLENCE IN TERMS OF PRODUCT QUALITY AND SAFETY

The companies within the POCLAIN group shall never deliberately ship products which do not meet the specifications required or approved by customers, or which do not comply with current standards.

All reasonable safety measures are taken throughout the design, manufacture and marketing of POCLAIN products. In the event of a potential safety problem with a POCLAIN product, an investigation is carried out immediately. Appropriate corrective actions are undertaken as soon as possible when a safety problem is identified.

All advertising campaigns and our promotional materials are based on objective results and relevant scientific data, which are obtained through evaluations and/or technical studies conducted according to the best practices of our industry.



RESPECTING FAIR COMPETITION

POCLAIN is committed to scrupulously comply with the competition rules applicable in the various countries where it is present.

Thus, each employee undertakes to refrain from participating in agreements with competitors or business partners whose object or result is to:

- **Set prices and commercial terms;**
- **Limit or control production, manufacturing or sales outlets;**
- **Share out markets or customers especially in the context of tenders;**
- **Boycott certain suppliers or customers;**
- **Share confidential or strategic information.**

Moreover, each employee undertakes not to abuse a dominant position, should POCLAIN one day find itself in such a position.

PARTNERS

BALANCING AND CONTROLLING RELATIONS WITH BUSINESS PARTNERS

• Relations with suppliers and sub-contractors

Respect of the interests of each party and consideration of fair contractual terms and conditions constitute the basis for relations between POCLAIN and its suppliers.

POCLAIN makes sure that each buyer signs a strict professional charter.

Through the signing of the «Poclain Code of Ethics for suppliers», POCLAIN encourages all suppliers and sub-contractors to adopt ethical principles equivalent to its own.

POCLAIN reserves the right to audit their practices or have them audited. It will take into account the results of these audits in its approval decisions.

• Relations with customers

POCLAIN is committed to meet its customers' requirements, demonstrating availability, listening and pro-activity in the business relationships.

It strives to provide quality products and services, and to constantly improve its technologies and methods through a strong commitment to innovation and safety.

• Relations with sales agents and intermediaries

The cooperation of commercial or intermediary agents may be necessary in the context of POCLAIN's commercial activities.

A contract shall frame these relationships. The selection and remuneration of sales agents or intermediaries as well as the proof of services must be subject to rigorous control by each collaborator and must respect internal rules.

EXPORT CONTROL

All employees involved in international commercial operations shall comply with the laws and regulations governing export restrictions on products and services.

If necessary, they shall request support from the Legal Department.

POCLAIN shall ensure in particular that its products shall not become potential «dual-use items», thus combating the destabilizing accumulation of weapons in certain areas of the world.

3 MAINTAINING OUR INDEPENDENCE

ACTING WITH INTEGRITY

With respect to its values and in order to guarantee its complete freedom to act, POCLAIN fights against bribery in all its forms, whether active or passive, direct or indirect, carried out to private persons or public officials.

Bribes and any sort of corruption act during business transactions are NOT tolerated under any circumstances.

No company in the POCLAIN group, nor any of its representatives is authorized to directly or indirectly offer a sum of money or any other form of compensation with the aim of obtaining or maintaining a contract or of procuring advantages on behalf of the company.

No personal benefit of any kind shall be offered nor granted, directly or indirectly, to a public official or similar.

Requiring or accepting, whether directly or indirectly, such a sum of money will not be tolerated under any circumstances.

All employees must rigorously apply the following instructions:



Gifts and invitations

The occasional acceptance or offer of gifts, invitations or tokens of hospitality with a modest value according to local criteria constitutes a legitimate practice within the context of a commercial relationship.

Any gift or invitation accepted by an employee must be declared to his/her direct supervisor. The head of Internal Audit shall be informed thereof.

However, all colleagues shall refrain from offering or receiving any gift or invitation, whatever form it takes, which:

- may influence a decision or be perceived as such by donors or receivers;
- might breach the laws and local regulations or instructions currently in force within POCLAIN.

Financing of political parties

The transfer of funds or provision of services on behalf of POCLAIN to a political party or organization or to political figures are prohibited.

Donations to charitable organizations and sponsorships

Donations to charitable organizations and sponsorships made by POCLAIN are following the spirit of its CSR charter (see page 15): the pursued goals are education, occupational health and fight against poverty. They must comply with the laws, regulations and instructions currently in force at POCLAIN. These are subject to an internal authorization to be obtained from the General Management.



Fines and penalties

Any fine or penalty received by POCLAIN shall be notified to the Head of Internal Audit, to the Company Secretary, or to the Group Human Resources Director.



DEVELOPING THE DUTY OF VIGILANCE

Each employee shall inform their direct hierarchy when he/she copes with a situation that might negatively affect the company, its image and its activities in any significant way.

POCLAIN encourages dialog on ethics and therefore invites any employee if necessary to preferably contact, and in this order, one of the following persons:

- Their supervisor;
- Their Human Resources manager;
- The Head of Internal Audit if answers cannot be provided locally, who has access, together with the General Management, to the mail address ethics@poclain.com

Employees shall rely on the discretion and confidentiality of these preferred communication channels.



4 GROWING OUR ASSETS

MANAGING CONFLICTS OF INTEREST

POCLAIN avoids any situation in which the personal interests of an employee, or of any physical or moral persons he/she is connected to, might conflict with the interests of POCLAIN.

Each employee must therefore ensure that he/she is acting in the best interests of POCLAIN to the exclusion of any other considerations, particularly personal ones.

The following situations may be considered as potentially leading to such a conflict of interest:

- **Any interest, any acquisition of shares, directly or indirectly, in a competitor, supplier, service provider or customer (current or potential), except for the purchase of listed shares in compliance with the rules on insider trading;**
- **Any professional or personal undertaking outside POCLAIN that might affect an employee's terms of service at POCLAIN, except if a prior authorization from management is granted.**

Any potential conflict of interest must be reported to the management and the Head of Internal Audit.



COMPLYING WITH CONFIDENTIALITY RULES

POCLAIN ensures protection of its confidential information and that of third parties.

Thus, each employee refrains from disclosing any confidential information that he/she is aware of in the performance of his/her activities, as stipulated in the Group confidentiality charter.

He/she protects at any time POCLAIN's intellectual property rights (eg. patents on products, design and manufacturing know-how, etc.) and ensures not to breach those of third parties.



REPORTING ACCURATELY

The books and accounts of each POCLAIN entity faithfully reflect all transactions carried out by these entities (assets, liabilities, revenues, expenditures, etc.).

Each employee shall ensure that any information (financial or else) and reports communicated at each level of POCLAIN's organization transcribe faithfully and in a timely manner all carried out activities.



PROTECTING ASSETS

Each employee shall ensure that POCLAIN's tangible and intangible assets are protected against any damage, theft or misappropriation.

Each employee scrupulously pays attention in particular to complying with safety and security instructions.

He/she undertakes not to use the company's assets (eg. equipment, brands, etc.) for personal use.

He/she does not damage POCLAIN's brand image, by sharing information or inappropriate opinions over social media networks associated with POCLAIN brand names.



5 BEING A RESPONSIBLE CITIZEN



HAVING RESPECT FOR PEOPLE

The POCLAIN group, an international company, supports and complies with the protection of Human Rights within its sphere of influence.

These rights are defined in the United Nations Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization and in the Global Compact initiative.

Our collaborators shall be particularly vigilant and careful in those geographical zones where governance is weak. Our group entities must not exploit loopholes or inadequacies in any such laws or regulations which would infringe POCLAIN rules of conduct.

In particular, the group supports the fight against all forms of forced labor and child labor. It is part of the selection and management criteria for suppliers and contracting parties. POCLAIN would not hesitate to rule out any supplier or stakeholder who fails to comply with these obligations.

PROTECTING THE ENVIRONMENT

POCLAIN is committed to respecting and protecting the environment and biodiversity.

This especially means preventing pollution of any kind, reducing consumption of non-renewable natural resources and recycling waste.

The group strives to implement actions that promote greater environmental responsibility. It encourages the development and implementation of clean and safe technologies.



EXERTING SOCIAL RESPONSIBILITY

POCLAIN encourages its managers and employees to demonstrate a strong sense of social responsibility in order to serve the communities in the countries where they live and work, while respecting local cultures and practices.

POCLAIN reasserts these principles of action in its Charter of Corporate Social Responsibility (CSR), inspired by our 4 values. Its ambition is to combine sustainable growth with an advanced socio-economic model. The referenced international standards are specified therein (ISO, OHSAS, OECD).



FOR MORE INFORMATION

Our Code of Conduct takes into account and is inspired by the following recommendations:

- **The Ten Principles of the UN Global Compact (www.unglobalcompact.org)**
- **Guidelines & Guiding Principles from the OECD (www.oecd.org)**
- **The Universal Declaration of Human Rights (www.un.org/en/universal-declaration-human-rights/index.html)**
- **The International Labour Organization Declaration on Fundamental Principles and Rights at Work (www.ilo.org)**

As said in the introduction, the 5 principles of action are complemented by several other Corporate policies and illustrated by departmental “Excellence Manuals” which address specific rules pertaining to Sales, Purchasing, Manufacturing, Quality, etc.

All POCLAIN rules and procedures are available to employees via the «Standards» section of the Intranet (PHLink). Any new comer shall become acquainted with them during his/her on-boarding process, in particular, the rules and procedures relating to the role he/she will be performing within the company.

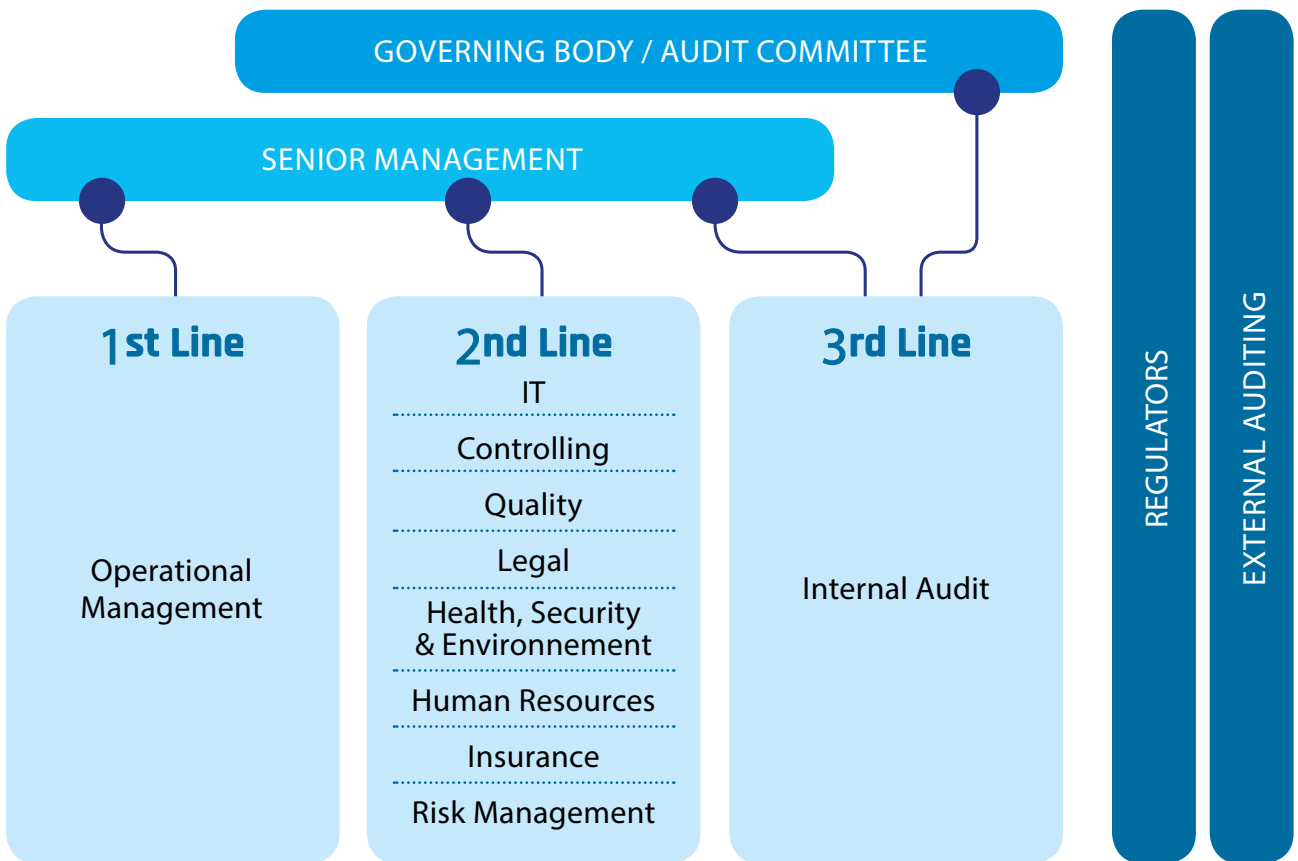
OUR ORGANIZATION

ETHICS AND COMPLIANCE

POCLAIN'S Company Secretary is in charge of coordinating the promotion, deployment and proper application across the Group of the principles of action laid down in the Code of Conduct.

He reports to the Chief Operating Officer and the Audit Committee. He leads the Internal Audit department. POCLAIN adopts a global risk management system that involves all managers positioned onto 3 lines of defense. This applies in particular to ethical and compliance risks.

The three Lines of Defense Model



Organizations participating in the global risk management mechanism

The internal control is first exerted daily, in particular to address the ethical and compliance risks, by the operational management, which constitutes the 1st line of defense.

Support functions as the 2nd line within the Business Lines also ensure the proper running of operations in the transverse field they oversee.

Finally, the Internal Auditors, in coordination with all group auditors, carry out targeted audit missions as the 3rd line of risk containment and mitigation. Their recommendations allow managers to implement preventive and corrective measures against risks and violations of POCLAIN rules, in particular those established in this Code of Conduct.

CONTACTS

If needed or where there is doubt about implementation of the operating principles, contact one of the following people:

- your direct supervisor;
- your Human Resources manager;
- the Head of Internal Audit, if answers cannot be provided locally, who has access together with the General Management to the mail address ethics@poclain.com.

All employees can count on the discretion of these preferred contacts.



IMPORTANT COMMUNICATION FROM OUR COO



In order to prevent any misconduct or fraudulent activity in our company, I would like to emphasize 3 points:

- 1- Any person becoming aware of misconduct or unethical behavior not in line with our Code of Conduct, specifically for its ethical and legal aspects, shall without delay inform our internal audit department.
- 2- Any gift received from a supplier, a customer, a partner or else by an employee shall be declared to his/her supervisor or manager (N+1 and N+2) with copy of this declaration to our internal audit department.
- 3- Any fine or penalty received by Poclain at any of its locations shall be immediately communicated to our internal audit department.

Based on subsidiarity (empowerment) and trust, our management policy obliges all employees to be up to this confidence offered upfront. In this spirit, I invite you to re-read our Code of Conduct regularly.

Guillaume Bataille
Chief Operating Officer



United Nations GLOBAL COMPACT

1. Promote and respect international law relating to Human Rights within the company's spheres of influence.
2. Ensure that we are not complicit in human rights abuses.
3. Uphold the freedom of association and the right to collective bargaining.
4. Eliminate all forms of forced or compulsory labor.
5. Abolish child labor.
6. Eliminate discrimination in respect of employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms.

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