

# Code of Conduct

**SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG**

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## Preface of the Executive Board

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG (SBO) as a leading supplier of tools and equipment for directional drilling and well completion applications and the global market leader in the manufacture of high-precision components made of non-magnetic steel underpins with this Code of Conduct its **zero tolerance** towards any form of corporate misconduct and sets out the general rules for compliant behavior within SBO.

**We, as Executive Board of SBO, dedicate ourselves to long-term oriented, prudent and diligent management of the company.** This Code of Conduct has been set up to promote to our managers, employees of our Group, and persons undertaking activities for or on behalf of SBO how we understand legal and ethical behaviour and require them to act accordingly. We also request our customers and suppliers to subject themselves to a proper Code of Conduct and consider specific aspects of compliant behaviour in our supplier assessment processes.

Long-term growth requires sustainable steering of the company. Continuous improvement of products, value adding by selective expansion and acquisition, implementation of more efficient internal processes, supply chain relationship maintenance, and a healthy and motivated workforce are essential to grow SBO in the long run. We believe that providing highest quality is key to take future opportunities in an international environment and have therefore based our sustainability strategy on the principle of “Quality First”.

We try to approach new challenges open-minded and by taking into consideration the ideas and opinions of the many people who we trust. It is our belief that good corporate governance shall not only fulfil legal requirements, but also motivate people to proactively engage in exchanges of ideas and raise complaints where necessary to combat inefficiencies. Anonymized reporting channels have been implemented to approach the management of SBO directly even in cases where conventional reporting might be disconcerting.

Diligent management requires to not omit or take actions against irresponsible risks of SBO, its employees and the environment. Our compliance system is based on the four “AAAAs” **Access, Awareness, Advice and Audit**, and follows a risk based approach. We take the standards set out in this Code of Conduct seriously and also require our managers, employees of our Group, and persons undertaking activities for or on behalf of SBO to do so. Every manager and employee of SBO shall be obliged to seek advice regarding application and interpretation of the rules and recommendations in this Code of Conduct and request guidance wherever needed.

This Code of Conduct is based on the OECD Guidelines for Multinational Enterprises (2011 Edition) and considers the guidelines and principles set out in the UN Global Compact.

The Executive Board:

Gerald Grohmann

Klaus Mader

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# 1 Scope

With its activities in the global oilfield service industry, SBO is responsible not only for its workforce, customers and neighbours, but as listed company on the Vienna Stock Exchange (Wiener Börse), also for its shareholders and the investment community.

The Executive Board of SBO acknowledges these responsibilities and binds itself, all managers and employees of SBO, and persons undertaking activities for or on behalf of SBO, to strictly comply with not only corporate laws and governance rules, but also with the principles set out in the OECD Guidelines for Multinational Enterprises (2011 Edition) and the UN Global Compact. They shall therefore

- a) contribute to economic, environmental, and social progress with a view to achieving sustainable development
- b) commit themselves to fair trade and competition and abstain from any improper involvement in local political activities
- c) respect the internationally recognized human rights and refrain from seeking or accepting exemptions not contemplated in the statutory and regulatory framework related to human rights, environmental, health, safety, labor, taxation, financial incentives, or other issues
- d) create employment and facilitate training opportunities for employees, also in the forms of e-learning and other web-based tools
- e) support and uphold good corporate governance principles and develop and apply good corporate governance practices
- f) encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct.

This Code of Conduct shall form the basis for SBO's compliance system and be the principle guideline for any business undertaking for or on behalf of SBO. It shall be read in conjunction with all general and specific policies and guidelines that will be furnished from time to time in specification of this Code of Conduct as the business of SBO requires.

It shall directly and equally apply to all segments and consolidated subsidiaries of SBO, and **all managers and employees of SBO, and persons undertaking activities for or on behalf of SBO**, irrespective of whether they maintain their own Code of Conduct, or by application *mutatis mutandis* of this Code of Conduct.<sup>1</sup> The setting-up of own country-specific policies is encouraged, unless not in line or against the principles set out in this Code of Conduct and the more specific policies and guidelines furnished. Should questions arise regarding application and interpretation of the rules and recommendations in this Code of Conduct, applicants are required to consult with the Local Compliance Coordinator and / or the Group Compliance Management before undertaking respective actions.

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<sup>1</sup> Unless otherwise set out herein, SBO Holding and all segments and consolidated subsidiaries of SBO are commonly referred to as „SBO“.

## 2 Executive Summary

This Code of Conduct sets out in a very broad way SBO's understanding of proper corporate conduct of business in the different business areas SBO is operating in. Managers and employees, as well as other persons subject to this Code of Conduct, shall be aware that SBO

- a) dedicates itself to sustainable growth, also covering sustainable improvement, process design and supply chain control, following the principle of "Quality First"
- b) commits itself to the strict recognition, respect and protection of human rights
- c) pursues further growth through a fair, healthy and motivating working environment
- d) accepts zero tolerance towards any form of corporate misconduct and unfair trade and
- e) maintains a fair and open communication to its stakeholders.

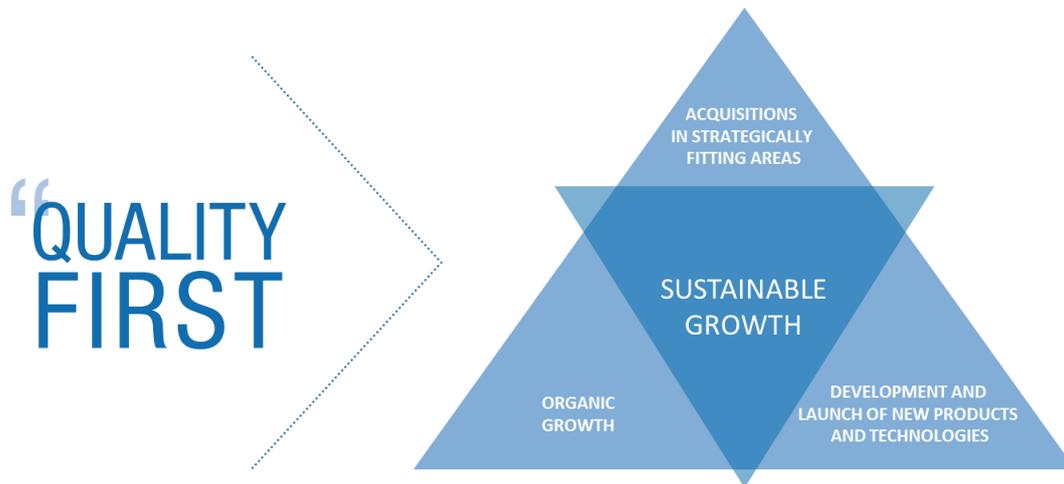
SBO's Compliance Management makes sure that its understanding with respect to proper corporate conduct is executed consistently all over the Group and potential misconduct can be detected and mitigated at an early stage.

## 3 Environmental, Social, Governance (ESG)

**ESG is part of our long-term growth and thinking.** Being in and keeping a market leader position requires continuous efforts from our managers and employees and continuous trust from our stakeholders in our doing. Treating nature and resources with utmost respect and keeping our employees motivated and healthy shall be the highest principles we abide by.

We have based our sustainability strategy on the **principle of "Quality First"** as we believe, that with keeping and applying state of the art quality standards, we can maintain not only our market position, but give our environment the respect it deserves.

Our sustainability strategy is represented in the different pillars of growth and is measured by the aspects "Environment", "Social Matters and Employees", and "Respect for Human Rights, Anti-Corruption and Bribery":



Continuous Improvement is pursued as part of our continuous efforts to increase efficiencies and reliabilities of our products and to add skills and know-know where most reasonably needed. We plan our Research and Development (R&D) and training projects over the cycles and adapt our budgets as required to stay at the forefront of development.

Sustainable Growth is sought by adding value through new inventions, innovative technologies, the provision of employee development opportunities and targeted acquisitions. SBO managers and employees are always invited to attract new potentials to broaden our portfolio of advanced manufacturing technologies and efficient applications.

Efficient Process Design is achieved through recurrent surveys of business procedures and production processes with the aim to make production more efficient, environmental friendly and less onerous for employees and to prosper a fair business environment for employees, customers and to competitors.

Supply Chain Control is maintained to make sure that also suppliers and customers live up to highest quality standards and commit themselves to prudent conduct of business when doing business with SBO. Suppliers shall be in conformity at least with the requirements and standards imposed on SBO in the certain respect.

SBO publishes a non-financial statement annually (following a half-year non-financial briefing), in which it sets out each aspect in more detail and explains measures taken to achieve sustainability goals. The non-financial statement deals with the key topics of relevant stakeholders and is underlined by non-financial performance indicators (KPIs) of SBO.

## 4 Social Matters and Employees

**A fair, healthy and motivating working environment is fundamental for the sustainable growth of SBO.** Its operations are undertaken with deep respect to international human rights frameworks, such as the International Bill of Human Rights, consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified, i.e. the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and the principles concerning fundamental rights set out in the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights at Work, as well as relevant domestic laws and regulations.

The company commits itself to the principles of equal opportunity and treatment in employment and not to discriminate against its managers and employees with respect to employment or promotion on such grounds as race, color, sex, religion, political opinion, national extraction or social origin, or other status, such as trade union activity, age, disability, pregnancy, marital status, sexual orientation, or HIV status, unless selectivity concerning worker characteristics due to inherent requirements of a certain job. Family members within the same company shall not get any preferential treatment to any other managers or employees in the same position or in the application process for the same position.

Managers and employees are required to prepare adequate measures for the identification, prevention, and mitigation of potential and actual human rights impacts, and shall create sensitivity for improper behavior such as harassment, intimidation and slander.

Fair treatment also implies the payment of fair wages within the framework of local policies and standards and respect for the right of employees to establish or join trade unions and representative organizations of their own choosing, and to have them recognized for the purpose of collective bargaining, effective abolition of child labor, and elimination of all forms of forced or compulsory labor.

SBO Group companies are invited to regularly assess the performance of individuals and teams. Assessment is necessary to identify every individual's personal strengths and potentials and to take them optimally into consideration in the employment development plan of each company. Qualification, eligibility, and performance shall be the main criteria for the promotion of employees and the filling of vacancies.

Within the general reporting of Code of Conduct infringements, adverse human rights impacts shall have priority in the way that such infringements shall be reported ad-hoc to the Group Compliance Management and dialogue with the person infringed shall be set up with a view to seeking agreed solutions.

## 5 Health, Safety and Environment

**The protection of humans is of highest priority.** We act with the declared intention to pursue highest standards of health, safety and environmental protection and to continuously improve our performance in that respect.

In order to minimize the risks of accidents and injury at work, regulatory standards and industry norms must be complied with in all strictness. Each SBO Group company is autonomously responsible for the implementation of an appropriate HSE program in line with highest industry standards and under consideration of local rules and regulations. The rules and recommendations set out in the Occupational Health- and Safety Assessment Series (OHSAS) are defined as the minimum requirement for the health and safety programs of SBO. Managers and employees shall be requested to accept these rules when entering the Group and to act accordingly.

Safety awareness training, as appropriate for each working station and position, shall make sure that employees are familiar with the emergency and contingency plans set up at each facility, so that health and environmental damages are prevented and mitigated through clearly defined workflows, communication flows, and responsibilities in case of an emergency.

We expect all our employees to be aware of the dangers at their working station and to take responsibility for the consequences of their own acting. This includes that managers and employees show up at work with the fitness required for their challenges and not influenced by misuse of alcohol or any forms of drugs. Assets that have been consigned to somebody's care shall be used with due diligence and only for the intended purposes.

Measurable objectives and, where appropriate, targets for improved environmental performance and resource utilization shall be established and periodically reviewed so that efficiency gains can be achieved in line with the sustainability strategy of SBO. To comply with national environmental laws and policies, state of the art technology shall not only be used in SBO's machinery worldwide, but also in the design and development of new processes and products.

## 6 Trade and Competition

### 6.1 Fair Trade and Competition

**Promotion of fair trade and competition is the main driver for any business carried out by SBO.** Fair trade and competition prohibits all forms of corporate misconduct, such as fraudulent behavior and actions of bribery, corruption, personal enrichment, and undeclared work.

Any offer, promise, giving, or demanding of a bribe or other undue advantage to obtain or retain business or other improper advantage shall be strictly prohibited. It is to be ensured that agents and advisors are hired against appropriate remuneration and for legitimate services only. Managers and employees shall make sure that adequate internal controls, ethics and compliance measures are developed and adopted at each SBO Group company.

Business decisions need to be based on traceable and objective parameters. Any personal, social, financial or other kind of interest on the side of a manager or employee shall not be to the detriment of SBO. Situations of conflicts of interest shall be subject to superior approval which otherwise is deemed rejected on the side of the company.

Hospitality, entertainment, and gifts have become an increasing concern in many jurisdictions. They shall only be accepted or granted if thoroughly examined with regard to local rules and regulations, and only to the extent reasonable with respect to the underlying business.

SBO does not interfere in the decision making process of national and local governments, directly or indirectly through contributions to candidates for public office, political parties or other political organizations. However, it supports and promotes regional social projects, and donates to charitable organizations and local communities as part of its social responsibility measures.

Fair competition also implies that no hard core cartels, anti-competitive business conduct or agreements that exploit or extend market dominance or market power, and anti-competitive mergers and acquisitions are entered into, or carried out; in particular when containing fixed prices, rigged bids (collusive tenders), output restrictions or quotas, or markets sharing (or division) by allocating customers, suppliers, territories, or lines of commerce.

## 6.2 Embargos and Sanctions

**SBO, as leading supplier of tools and equipment for directional drilling and well completion applications and the global market leader in the manufacture of high-precision components made of non-magnetic steel monitors national and international embargos and sanctions with greatest concern.** Complying with and following all national and international trade regulations is crucial for the sustainable prosperity of the business. Reputational and financial damage by one single entity with imminent consequences on other members of the SBO Group would not be justifiable. Only recognized freight forwarders, specialized in international transports, shall be used to carry out paper work and shipment and to provide respective support.

When conducting business for, or on behalf of SBO, it shall be assured that customers, suppliers and other business partners do not show up on any blacklist published by an organ of the European Union, the United States, the United Nations, the World Bank and / or any other recognized international organization, and that the business itself is not subject to any sanction or embargo by such institution. The entering into, or carrying out of, respective business shall strictly be prohibited.

## 6.3 Crime

**We insist on honesty and compliant behavior by our managers and employees.** Managers and employees of SBO must never engage in fraudulent or any other dishonest conduct involving the property of SBO or any third party. Misbehavior, whether against SBO, any of SBO's managers or employees, or third parties, is not tolerated at SBO and strictly forbidden.

Managers and employees of SBO shall yet raise awareness for such undue behavior and shall seek to protect property from loss, damage, misuse, theft, fraud, embezzlement and destruction. These obligations cover both tangible and intangible assets, including trademarks, know-how, confidential or proprietary information and information systems.

## 6.4 Cybercrime

**SBO is aware that fraudulent behavior from theft to deception of company representatives with the intent of unjust enrichment have become serious threats in the virtual world.** Data and communication spying, as well as intentional misuse of third party profiles, are common practices to effectively camouflage the fraud's identity and increase the probability of criminal success. SBO's managers or employees have explicitly been instructed to request confirmation of the counterparty's identity, also of persons along the reporting line, if misuse by a third person cannot diligently be excluded.

Managers and employees of SBO shall take care, in addition to what is set out with regard to communication and data protection in other parts of this Code of Conduct, to restrict internal and external communication to those participants, whose identity is undoubtedly determined and who have a business interest in the communication.

Security measures safeguard the integrity of data and information at SBO. Nevertheless, e-mail and other communication might be hacked, misused or stolen from time to time as data are exchanged on the internet. In order to avoid unintended behavior on the side of SBO, additional compliance procedures, such as double confirmation or authentication, have been implemented. With regard to payment requests, SBO will neither request, nor accept changes in payment information (such as bank details) during an open business relationship, unless doubly confirmed or authenticated by responsive managers at SBO and its business partner.

## 7 Information and Communication

### 7.1 Fair and Open Communication

**Accurate and forthright information and communication is fundamental to foster a relationship of confidence and mutual trust with the company's stakeholders.** The provision of false, misleading, derogatory, or defamatory information cannot be a way of proper conduct of business. SBO follows a proactive communication including regular meetings, hearings, or consultation processes with the different stakeholders.

Notwithstanding this approach, managers and employees shall be careful with respect to the disclosure of sensitive or confidential information. Business secrets and other information that would endanger the competitive position of SBO, if disclosed, shall not be part of a communication with third parties. It lies within the responsibility of each manager and employee to make sure that leakages are avoided. This requires that each manager and employee is prepared with respect to who is attending, the main topics and the information that needs to be provided on the side of SBO before he commits himself in a communication.

### 7.2 Financial Reporting and Corporate Governance

SBO is quoted on the Vienna Stock Exchange and listed in the Austrian ATX blue-chip index. **SBO commits itself to the rules of the Austrian Corporate Governance Codex** and all relevant laws, rules and regulations regarding publicly listed companies, and has put them into practice consistently.

SBO's shareholders are treated equally, based on the principle "one share – one vote". We report financial information following the principles of transparency, accuracy and completeness, in line with national GAAP and international financial reporting standards (IFRS), as adopted by the European Union, through generally accepted information channels and the company website of SBO.

High quality documentation, traceability and compliance with deadlines are required for the stringent reporting flows within SBO. SBO's Controlling departments seek regular advice and training to make sure that reporting standards are complied with always in their latest applicable version.

The use of tax havens for the registration of mere tax facilities, tax evasion and illicit capital flight from developing countries are practices that are prohibited at SBO.

### 7.3 Inside Information

**Capital market rules, in particular, the European Market Abuse Regulation, require SBO to notify ad-hoc inside information.** It covers information of a precise nature, which has not been made public, relating, directly or indirectly, to SBO shares, and which, if it were made public, would be likely to have a significant effect on the price of these shares.

Notification is amongst the tasks of the Group Compliance Management. Managers and employees shall report immediately to the Group Compliance Management should any such information occur within their responsibilities.

Misuse of inside information in the sense of insider dealing, unlawful disclosure of inside information or market manipulation is sanctioned with severe penalties and managers and employees shall consult with the Group Compliance Management before placing an order to buy or sell SBO shares.

## 8 Data Protection and Security

**The protection of natural persons in relation to the processing of their personal data is a fundamental right.** Personal data shall be processed by, and on behalf of, SBO only in line with applicable **data protection** rules and regulations, among them the European General Data Protection Regulation. However, also other than personal data shall be processed in a manner that ensures appropriate **security** including protection against unauthorized and unlawful processing as well as accidental loss, destruction and damage, using appropriate technical and organizational measures.

Data security is an issue not only within local networks. De-centralized and centralized data systems and warehouses (including Clouds) require additional cautiousness as third party services providers often do not fully comply with the standards set out by SBO. Technical and organizational measures shall make sure that only software and solutions with a valid license are used on company's servers and computers, and use of software other than the software provided by the company (privately installed software) is prohibited.

## 9 Intellectual Property

**The ability to access technology and know-how is essential for improving enterprise performance.** Technological progress is the main driver behind the sustainability strategy of SBO as it is not only key to the long-term business growth of SBO, but also a guarantor for social and environmental development.

Protection of intellectual property (IP) shall be one of the highest efforts of managers and employees. Transfer of technology and know-how shall be made only with due regard to the protection of our patents, trademarks, copy rights and license agreements.

Cooperative Research and Development (R&D) with other companies, governmental institutions and universities has in numerous cases turned out to be successful for the further development of manufacturing technologies and products. Where suitable, SBO Group companies are encouraged to seek professional advice and institutional cooperation to promote process and product innovations.

## 10 Compliance Management

### 10.1 Group Compliance Management

The **Group Compliance Management** of SBO lies within the responsibility of the Executive Board of SBO. The Executive Board has appointed the Group Compliance Department to pursue implementation of this Code of Conduct. The Group Compliance Department can be accessed at:

Schoeller-Bleckmann Oilfield Equipment AG  
Group Compliance Management  
Hauptstrasse 2  
2630 Ternitz  
Austria  
Tel.: +43 2630 315-0  
E-Mail: [compliance@sbo.co.at](mailto:compliance@sbo.co.at)

The Group Compliance Department reports exclusively to the Executive Board and is not subject to any instruction rights by any other corporate body. They shall not be considered responsible representatives according to any administrative penal acts.

The Group Compliance Management is supported by the Local Compliance Coordinators within each SBO Group company, who shall report directly to the Group Compliance Management and coordinate, and supervise, the implementation and execution of this Code of Conduct within the respective Group company according to the instructions of the Group Compliance Management. This shall include, among others, regular information and training of local managers and employees with respect to policies and guidelines provided on the Compliance Platform of SBO and keeping proof of all measures applied in that regard. The Local Compliance Coordinators are requested to provide training based on a centrally determined agenda to all local managers and employees at least once every business year.

Regular education and training of managers and employees shall raise awareness for the different topics set out in this Code of Conduct, such as non-discrimination, health and safety, anti-bribery / anti-corruption, data protection and security, etc. It lies within the responsibility of each manager and employee to seek adequate training and request advice from time to time in order to be in the position to carry out business in compliance with this Code of Conduct. As required, the Group Compliance Management, or the Local Compliance Coordinators, may decide to seek external advice to make sure that compliance issues are addressed with utmost diligence and care.

### 10.2 Compliance Reporting

Each Local Compliance Coordinator shall report regularly, at least every business year within four weeks from its end, to the Group Compliance Management all incidents, concerns, and violations occurred, and regular training provided, with respect to the Code of Conduct over the preceding period.

Significant incidents, concerns, and violations, in particular, but not restricted to those relating to Social Matters and Employees, Health, Safety and Environment, Trade and Competition, Data Protection and Security, and Inside Information shall be reported ad-hoc to the Group Compliance Management. This shall make sure that risks are detected before they materialize and that mitigation measures can be taken proactively.

The Group Compliance Management shall have the right to request any information it deems necessary to obtain clarity. Support shall be granted by the Local Compliance Coordinators. It may request to take part in any dialogue with a view to seeking agreed solutions with the party infringed.

### **10.3 Penalties**

Each manager and employee must be aware that infringements of this Code of Conduct can lead to serious reputational and financial damages not only to the party infringed, but also to SBO and SBO's managers and employees. Depending on the infringement, severe penalties against SBO and respective managers or employees can be an additional consequence.

**SBO takes this Code of Conduct very seriously.** Any managers and employees, who do not conform to the rules and recommendations set out in this Code of Conduct shall therefore be penalized by means of appropriate disciplinary measures, which may range from a mere instruction, or warning, up to dismissal in case of repeated or particularly serious violations. Depending on the severity of the infringement, SBO may consider to pass on payments made in that respect also to the infringing managers or employees.