



KURZ Code of Business Conduct⁽¹⁾ ("Code")

⁽¹⁾ Please note that the English version of the Code is the only authentic. Translations of the Code are for information purpose only.

Table of Content

- 1. **The KURZ Values Diamond** 4
- 2. **Applicability of the Code** 6

- 3. **Ethics** 7
 - 3.1 Corporate Identity / Image of KURZ 7
 - 3.2 Compliance with Laws, Regulations and Corporate Policies 7
 - 3.3 Business Integrity / Improper Payment to Officials 7
 - 3.4 Fair Business, Advertising and Competition 7
 - 3.5 Competitive Conditions 7
 - 3.6 Confidentiality 7
 - 3.7 Business Courtesies 7
 - 3.8 Conflicts of Interest, Competition, Sideline Work 8
 - 3.9 Corporate Opportunities 8
 - 3.10 Protection of Resources 8
 - 3.11 Protection of Information 9
 - 3.12 Documentation and Records 9
 - 3.13 Community Engagement, Donations, Political Activities 9
 - 3.14 Subcontractor / Suppliers 9
 - 3.15 Business Consultants 9

4. Management System	10	6.3 Emergency Prevention, Preparedness and Response	12
4.1 Management Accountability and Responsibility	10	6.4 Occupational Injury and Illness	12
4.2 Legal and Customer Requirements / Export, Import	10	6.5 Physically Demanding Work	12
4.3 Antitrust Compliance	10	6.6 Communication	12
4.4 Risk Management	10	6.7 Employee Health and Safety Committees	12
4.5 Dealing with Performance Objectives	10		
4.6 Coaching	10	7. Environment	13
4.7 Communication and Reporting	10	7.1 Product Content / Hazardous Substance Management	13
4.8 Corrective Action Process	10	7.2 Wastewater and Solid Waste Emissions	13
		7.3 Air Emissions	13
5. Labour and Human Rights	11	7.4 Environmental Permits and Reporting	13
5.1 Discrimination	11	7.5 Pollution Prevention and Resource Reduction	13
5.2 Harsh Treatment and Harassment	11		
5.3 Involuntary Labour	11	8. Implementation Principles, Language	14
5.4 Child Labour	11	8.1 Communication	14
5.5 Remuneration	11	8.2 Working Language	14
5.6 Privacy	11	8.3 Violations of the Code	14
5.7 International Conventions and Recommendations	11	8.5 Continuous Improvement	14
6. Health and Safety	12		
6.1 Protective Measures / Safe Workplace	12		
6.2 Hygiene	12		

1. The KURZ² Values Diamond

The public reputation of a company depends not only on its commercial success, but also through its inherent values, as demonstrated by its behaviour to its employees, its business partners and the communities in which it operates. We understand by this that the way we conduct our daily business must be oriented toward and consistent with, not only legal and ethical standards, but also with our core values.

Social responsibility and a business conduct aligned to ethical standards have historically served as a rule for our internal corporate governance. We recognize the importance of constant reinforcement and renewal of our business model in a continuously changing world. The KURZ business model is represented in The KURZ Values Diamond.

The Code of Business Conduct contained herein cannot cover all situations that may be encountered in daily business; it is intended as a guideline to assist each of us in making the “right choice”. When in doubt about any matter, you should seek guidance from your superior or such other person or department designated within the Code.

We encourage you, as our employee, to take time to read this Code carefully, because it represents the basis of our working life and the relationship to our customers, business partners and the communities in which we live and work.

By taking this Code and following its rules you support our engagement to maintain and carry forward the outstanding reputation of KURZ.

Our sincere thank for your engagement and support.

January 2010



Kurz, Walter
Chairperson of the Executive Board



Kurz, Peter
Chairperson of the Executive Board



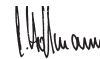
Adel, Werner
Management Board



Dr. Grubmüller, Peter
Management Board



Hirschmann, Klaus
Management Board



Hoffmann, Markus
Management Board

² Throughout this Code “KURZ” refers to LEONHARD KURZ Stiftung & Co. KG and its subsidiaries and affiliated companies.

**Customer
Orientation**

**Openness
Mutual Trust**

Quality

**Target
Orientation/
Efficiency**



**Self-
Responsibility**

**Willingness to
Change**

**Cultural Open
Mindedness**

**Competitive
Strength**

2. Applicability of the Code

This Code applies to KURZ. In conducting business, integrity must underlie KURZ’s relationships, including those with customers, suppliers, communities and among employees. We are committed to ensure that working conditions at KURZ are safe, that our employees are treated with respect and dignity and that manufacturing processes are environmentally responsible. We act in compliance with the laws, rules and regulations of the countries in which we operate. This Code goes further, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

3. Ethics

KURZ is committed to the highest standards of ethical conduct when dealing with employees, customers, suppliers, governmental authorities and administration.

3.1 Corporate Identity / Image of KURZ

To a substantial degree, KURZ's image is determined by the actions of each and every employee and by the way they present and conduct themselves. Inappropriate behaviour by even a single employee can cause KURZ considerable damage. Therefore, our employees should be concerned about KURZ's good reputation in each country. In performing their job, each employee must focus on maintaining the good reputation of and respect for KURZ.

3.2 Compliance with Laws, Regulations and Corporate Policies

We acknowledge the importance of the relevant laws, regulations, policies and standards, both internal and external, and we comply with them. This Code is intended to be consistent with and to refer to certain key corporate policies and guidelines, however, in case of any divergences this Code shall supersede. KURZ ensures that we comply with this Code, and with the applicable laws and regulations, by means of periodic self evaluation.

3.3 Business Integrity / Improper Payment to Officials

Improper payment to officials, extortion and embezzlement in any form are strictly prohibited and will result in immediate action by us.

3.4 Fair Business, Advertising and Competition

We uphold fair business standards in advertising, sales and competition.

Therefore, each employee should:

- deal fairly with customers and suppliers, including those with whom KURZ competes;
- respect KURZ's customers' freedom to conduct their business as they see fit, including the setting of prices at which they wish to sell their products;
- avoid any use of coercion in the sale of products to customers, such as forcing a customer to purchase unwanted products;
- refrain from using any market power or market information in a way which may restrict competition; and
- avoid any unfair or deceptive act or practice.

3.5 Competitive Conditions

We act independently and in our own interest in commercial situations affecting competitive conditions of trade and we avoid practices that restrict competition.

Therefore, no employee should ever enter into any agreement or tacit understanding with KURZ's competitors, and should avoid discussing competitive issues on such matters as:

- the price or other terms on which KURZ or any of its competitors sell products;
- the costs incurred or profits made by KURZ or any of its competitors in manufacturing products;
- the rate of production or percentage of capacity utilization of KURZ or any of its competitors;
- the customers to whom, or territories in which, KURZ or its competitors sell products; and
- the type or amount of any product that KURZ or its competitors manufacture or offer for sale.

3.6 Confidentiality

When participating in joint ventures and industry associations involving competitors, our employees should limit communications to that which is actually required for the legitimate business of the joint endeavour.

3.7 Business Courtesies

A business courtesy is a present, gift, hospitality or favour for which fair market value is not paid by the recipient. A business courtesy may be a tangible or intangible benefit such as a meal, an invitation to drinks, entertainment, recreation, door prizes, honoraria, transportation, discounts, promotional items or use of a donor's time, materials, facilities, or equipment.

Any employee who offers or approves the offer of a business courtesy must ensure that it is ethical, legal and conforms to the reasonable and ethical practices of the marketplace, does not create actual conflict of interest or divided loyalty and does not create the appearance of an improper attempt to influence business decisions or otherwise reflect negatively on our reputation or the reputation of the other party.

No employee may ask for business courtesies. In addition, no employee may accept business courtesies when there is an actual or perceived expectation that the donor may want something in return; perhaps an attempt to gain an unfair advantage or to influence an employee to do something that might violate laws. Business courtesies offered to and accepted by our employees belong to KURZ; employees should not assume that they may keep a business courtesy for their personal use.

Rules for business courtesies are complex and each situation must be evaluated carefully. In deciding whether to give or accept a gift, each employee is expected to use good business judgment and to ask questions when in doubt. No employee may give or accept a gift if he would be uncomfortable discussing it with his superior, co-workers or a newspaper reporter. When in doubt about giving or accepting a business courtesy, each employee should contact his superior.

3.8 Conflicts of Interest, Competition, Sideline Work

A conflict of interest occurs when private interests interfere with the interests of KURZ, in any way. Even the appearance of a conflict of interest may harm our reputation or interests. Therefore employees may not compete with our businesses, and may never let their business dealings on behalf of KURZ to be influenced, or appear to be influenced, by their personal or family interests.

Each employee who intends to begin paid sideline activities must inform his superior beforehand in writing. Permission for such activities may be denied if it leads to a decrease in work performance, compromises the employee’s duties within KURZ, or threatens to present a conflict of interest. Exceptions are occasional writing activities, lectures and comparable occasional activities.

Examples of conflicts that must be disclosed:

- having a family interest in a transaction with KURZ. A family interest would include any interests of one’s spouse, parent, child, sibling or domestic partner.
- having more than a nominal individual or family interest in a competitor, supplier or customer of KURZ (for example, ownership of more than 1% of a supplier’s equity securities).
- having a significant individual or family interest in an organisation that does, or seeks to do, business with KURZ.
- acquiring an individual or family interest in property (such as real estate, patent rights, securities or other properties) or a business where the employee believes KURZ has, or might have, an interest.
- having outside business interests or activities that affect job performance because of the significant amount of time and attention diverted from the responsibilities of a KURZ employee.

3.9 Corporate Opportunities

No employee may take for himself any business opportunity of KURZ that arises in the course of his employment or as a result of his position. No employee may engage in any activity where he, as opposed to us, is the primary beneficiary. The benefit of any business opportunity discovered in the course of employment must flow to KURZ and not to the employee. Directors and executive officers have a special responsibility to advance KURZ’s interests when the opportunity arises.

3.10 Protection of Resources

Our ability to serve our customers requires the efficient and proper use of resources. This does not only include physical property, plant equipment and inventory, but other tangible assets such as securities and cash, office equipment, supplies and information systems. Also included is intangible property such as software, patents, trademarks, copyrights and other proprietary information and know-how as well as time. Our resources are provided for business use only.

3.11 Protection of Information

Our intellectual property and other confidential information⁹ are important assets of KURZ which must be diligently protected by every employee. Confidential information must be clearly labelled as such and protected physically. Each employee must enter into non-disclosure agreements (NDAs) with outside individuals prior to sharing trade secrets with them.

Every employee is responsible for protecting our information from unauthorized access, regardless of the technology or transmission medium. Electronic distribution of information allows us to rapidly share information and ideas with both internal and external users. This information may contain intellectual property, export control data or other sensitive data that should not be disclosed to individuals who do not have “a need to know.” The need to control access to information applies to both internal and external system users.

The employee must observe the obligations of confidentiality he owes to others (including suppliers and former employers) with the same degree of diligence that he is expected to use when protecting our confidential information.

⁹ Is any information that has not been disclosed or made available to the general public. It includes items such as financial or technical data, plans for acquisitions or divestitures, new products, inventions or marketing campaigns, personal information about employees, major contracts, expansion plans, financing transactions, major management changes, other corporate developments and trade secrets.

3.12 Documentation and Records

Records must be kept accurately, completely and truthfully. No false, misleading or artificial entries may intentionally be made on our books and records. No documents should be signed without proper authority. No funds or assets may be used or maintained by us for any illegal or improper purpose. Transactions must be fully and completely documented and recorded in our accounting records. Labour costs, travel, material and other expenses should be recorded truthfully. It is unlawful to intentionally destroy records that pertain to anticipated or commenced investigations, audits or litigation. As far as practicable, contracts to which KURZ is a party should be in writing, leaving as little uncertainty as possible. “Side letters” or “comfort letters” that are not referred to in the main document should only be accepted or given with our Legal Department’s advice.

3.13 Community Engagement, Donations, Political Activities

We engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which we operate. We do not contribute, directly or indirectly, to political candidates, parties or organisations. We encourage our employees in their capacity as private citizens to participate in the political process through voting or through individual contributions of time or money. Political activities may not be held in the name of KURZ or organised on our property or using our resources.

3.14 Subcontractor / Suppliers

KURZ does its utmost to contract only with subcontractors or suppliers who themselves adhere to international human rights and environmental laws and practices. We are committed to monitoring the ethical performance of our suppliers and to take immediate and thorough steps in cases where the ethical performance of our subcontractors or suppliers comes into question.

3.15 Business Consultants

We turn special attention to dealings with business consultants, commercial agents, distributors, representatives and the like (“Business Consultants”). Commissions and remunerations paid should be in an appropriate rate to the services performed. Contracts with Business Consultants shall not be used to make payments in favour of third parties, which are not part of the business.

4. Management System

We adopt a management system designed to ensure compliance with this Code and the applicable laws and regulations, to identify and mitigate related operational risks and to facilitate continuous improvement. KURZ’s management system contains the following elements:

4.1 Management Accountability and Responsibility

Clearly identified managers are responsible for ensuring the implementation and periodic review of the status of our management systems.

4.2 Legal and Customer Requirements / Export, Import

We identify, monitor and understand applicable laws and regulations and the additional requirements imposed by this Code. We comply with export control and import laws and regulations that govern the import and export of commodities and technical data, including items that are hand carried as samples or demonstration units in luggage. We screen new customers, subcontractors and suppliers to ensure that they do not do business with prohibited entities.

4.3 Antitrust Compliance

We comply with domestic and international antitrust and competition laws in the countries where we do business. These laws protect the free enterprise system and encourage vigorous but fair competition. Among other stipulations, these laws prohibit any formal or informal understanding, agreement, plan or scheme among competitors that involves prices, territories, market shares or customers to be served and activities or agreements that unfairly restrict competition. Mergers, acquisitions, strategic alliances, joint ventures and other types of extraordinary business combinations should receive timely legal review to assure that they do not raise concerns of market dominance or improper coordination among competitors.

4.4 Risk Management

A risk management system is established to identify environmental, health and safety and labour practice risks associated with our operations, to determine the relative significance of each risk and to implement appropriate procedures and physical controls to ensure regulatory compliance. Risk assessments for health and safety include warehouse and storage facilities, plant and facility support equipment, laboratories and test areas.

4.5 Dealing with Performance Objectives

We establish written standards, performance objectives, targets and implementation plans, including a periodic assessment of our performance against these objectives.

4.6 Coaching

We respect and encourage independent work by our employees. To ensure this goal, we offer appropriate coaching programs for our employees.

4.7 Communication and Reporting

We communicate clear and accurate information about our performance, our practices and our expectations to employees, customers, subcontractors and suppliers. We provide and maintain a clear complaint mechanism.

4.8 Corrective Action Process

We establish a process for timely correction of any deficiencies identified by an internal or external audit, assessment, inspection, investigation or review.

5. Labour and Human Rights

We uphold the human rights of our employees and we treat each employee with dignity and respect, as understood by the international community.

5.1 Discrimination

We do not discriminate against any employee based on race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, membership of an employee organisation or marital status in hiring and employment practices such as promotions, rewards, access to training, job assignments, wages, benefits, discipline, termination and retirement. The applicable laws and rules apply. We do not require a pregnancy test except where required by applicable laws and regulations.

5.2 Harsh Treatment and Harassment

We are committed to a workplace free of harassment. We do not threaten employees with or subject them to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion or verbal abuse.

5.3 Involuntary Labour

We do not use any form of forced, bonded, indentured or prison labour. Work is voluntary and our employees are free to leave with reasonable notice.

5.4 Child Labour

We do not use child labour at any stage of manufacturing. Our employees are at least the minimum age for employment in the relevant country or the age for completing compulsory education in that country, whichever is higher. In no event may our employees be less than 15 years old (except as permitted by ILO Minimum Age Convention No. 138). Employees under 18 years of age may not perform work likely to jeopardize the health, safety or morals of young persons, consistent with ILO Minimum Age Convention No. 138. This Code does not prohibit participation in legitimate workplace apprenticeship programs that are consistent with Article 6 of ILO Minimum Age Convention No. 138.

5.5 Remuneration

We pay wages, benefits and overtime to our employees in accordance with applicable laws, including those related to minimum wages, overtime, hours and legally mandated benefits. The basis on which our employees are paid is clearly conveyed to them in a timely manner.

5.6 Privacy

We respect our employees' privacy and we therefore maintain only those employee personnel and medical records necessary for business, legal or contractual purposes. Access to those records, and the information contained therein, is limited to persons with a need to know for a legitimate business purpose. Each employee has the right to see his own personnel record. We comply with applicable laws regulating the disclosure of personal information about employees.

5.7 International Conventions and Recommendations

Besides the laws and regulations in each country certain international organisations like the UNO, OECD and others provide Conventions and Recommendations, which are primarily addressed to Member States and not directly to companies. Nevertheless we consider them as important guidelines for the conduct of KURZ and its employees and expect this from our business partners and suppliers as well.

Hereafter we list the most relevant Conventions of this kind:

- Universal Declaration of Human Rights, UNO 1948
- European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950
- ILO (International Labour Organisation) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 1997 and ILO Declaration on Fundamental Principles and Rights at work, 1998
- OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises, 2000
- "Agenda 21" on sustainable development (final document of the basic conference on environment and development, Rio de Janeiro 1992)

6. Health and Safety

We recognise that integrating sound health and safety management practices into every aspect of business is essential to maintaining high morale, and to producing innovative products. We are committed to create safe working conditions and a healthy work environment for our employees.

6.1 Protective Measures / Safe Workplace

We provide appropriate controls, safe work procedures, preventative maintenance and protective measures (such as physical guards, interlocks and barriers) to mitigate health and safety risks in the workplace. When hazards cannot be adequately controlled by these means, we provide employees with appropriate personal protective equipment. Employees have the right to refuse unsafe working conditions without fear of reprisal until management has adequately addressed their concerns.

6.2 Hygiene

We identify, evaluate and control employee exposure to hazardous chemical, biological and physical agents. When hazards cannot be adequately controlled by engineering and administrative means, we provide employees appropriate personal protective equipment. We provide employees with clean toilet facilities, access to drinking water, sanitary food preparation areas and storage facilities.

6.3 Emergency Prevention, Preparedness and Response

We anticipate, identify and assess emergency situations and events and minimize their impact by implementing emergency plans and response procedures, including emergency reporting, employee notification and evacuation procedures, employee training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

6.4 Occupational Injury and Illness

We establish procedures and systems to manage, track and report occupational injury and illness, including provisions to encourage employee reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes and facilitate the return of our employees to work.

6.5 Physically Demanding Work

We identify, evaluate and control employee exposure to physically demanding tasks, including manual material handling, heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks.

6.6 Communication

In order to foster a safe work environment, we ensure that each employee receives appropriate workplace health and safety information and training, including written health and safety information and warnings in his primary language.

6.7 Employee Health and Safety Committees

We permit employee health and safety committees to enhance ongoing health and safety education and to encourage each employee’s input regarding health and safety issues in the workplace.

7. Environment

Environmental considerations are an integral part of our business practices. We are committed to reduce the environmental impact of our designs, our manufacturing processes and our waste emissions.

7.1 Product Content / Hazardous Substance Management

We comply with the applicable laws and regulations prohibiting or restricting specific substances. To ensure safe handling, movement, storage, recycling, reuse and disposal, we identify and manage substances that pose a hazard if released into the environment and we comply with applicable labelling laws and regulations for recycling and disposal. On request we provide Material Safety Data Sheets for any hazardous or toxic substances used in the workplace and we train employees who come into contact with such substances in the workplace.

7.2 Wastewater and Solid Waste Emissions

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities is monitored, controlled and treated as required by applicable laws and regulations before discharge or disposal.

7.3 Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by products generated from operations are characterized, monitored, controlled and treated as required by applicable laws and regulations before discharge.

7.4 Environmental Permits and Reporting

We obtain and maintain the required environmental permits (e.g. discharge monitoring) and registrations and we follow the operational and reporting requirements of such permits.

7.5 Pollution Prevention and Resource Reduction

We endeavour to reduce or eliminate waste of any type, including water and energy, by implementing appropriate conservation measures in our facilities, in our production and maintenance processes and by recycling, reusing or substituting materials.

8. Implementation Principles, Language

8.1 Communication

Our managers are responsible for communicating the values and rules set forth in this Code to employees and for supervising compliance. Our managers should encourage employees to talk to superiors and other appropriate personnel, designated by us for this purpose, when in doubt about the best course of action in a particular situation.

8.2 Working Language

English is our working language, especially in relation to our subsidiaries and affiliates; however communication in the local sites is held in the corresponding language of the country. Also health and safety information and warnings are provided for our employees in their primary language.

8.3 Violations of the Code

We assess whether violations of this Code have occurred and, if so, we determine the disciplinary measures to be taken. The possible labor-law related consequences may arise from law, employment contract, works agreements, and applicable regulations and provisions.

8.4 Continuous Improvement

We are committed to an ongoing process to obtain feedback on processes and practices related to this Code in order to foster continuous improvement. Although this Code is not intended to create legally binding obligations on KURZ, nor to confer legal rights to employees or others, we periodically review it and our past performance, including lessons learned, in striving towards excellence in the adherence to the principles and values set forth herein.

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