



Code of Conduct for Ethical Corporate Conduct

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FOREWORD OF THE MANAGEMENT

Dear colleagues and business partners,

We are a leading global technology provider for pumps, fluid measurement, valves, hydraulic drives and customised system solutions.

Just like our high quality standards, fairness towards our customers, suppliers, partners and employees is part of the fundamental corporate philosophy.

This code of conduct is meant to provide our employees and you with insights of our company guidelines and compliance rules and the ethical objectives we pursue, which form the cornerstones of our business.

However, while we've been no strangers to the principles of the „honourable merchant“ from the inception, today it takes more to build trust and – even more importantly – to preserve it in the long run. This is why this code of conduct places so much emphasis on the fact that we will always comply with applicable law, and that we're not going to pursue business regardless of the consequences.

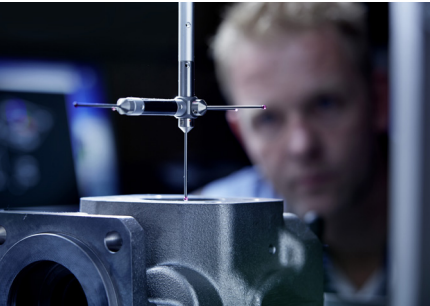
What we expect from our co-workers and executives is the same we expect from our business partners. This means that you, as our business partner, can make your own contribution toward fostering a fruitful business relationship that is built on mutual respect and trust.



Matthias Ziemann

I.

SCOPE



This code of conduct constitutes a binding guideline for all KRACHT employees around the world, including management and executives. It also applies to external KRACHT affiliates such as consultants, agents or independent contractors, as well as persons which are functionally equivalent with employees (e.g. agency workers) and KRACHT suppliers.

It is the responsibility of every individual to inform themselves on applicable laws, regulations and internal instructions. The different specialist departments will help with this.

II.

PRINCIPLES OF CONDUCT



For KRACHT, all business decisions and activities must be firmly entrenched in applicable law and other relevant provisions at the national and international level. Honesty, integrity and sincerity will nurture fairness in competition also with respect to our customers and suppliers.

KRACHT is committed to act with an economic, social and ecological conscience. KRACHT is engaged to pursue business with competence and a robust set of ethics and to ensure fair competition in all markets we are engaged in by conforming to existing legislation on cartels, competition, and restrictions of competition. Obtaining unfair advantages over customers, suppliers or competitors is a no-go.

KRACHT will always conclude written contracts, and only under involvement from the relevant specialist departments. Legally binding declarations can only be made by employees who have been duly authorised or permitted to do so.

KRACHT expects its employees to be loyal to the company.

III.

WORK CONDITIONS AND HUMAN RIGHTS

For KRACHT, keeping with the internationally accepted human right standards has top priority.

KRACHT condemns unlawful discrimination or harassment of any kind. Most notably, disadvantaging people for their ethnicity, sex, religion, ideology, impairment or sexual orientation are strictly prohibited. The same applies expressly to dealing with co-workers, colleagues and business partners, or the recruitment, promotion and dismissal of staff. KRACHT does not accept forced or child labour in any way, shape or form. KRACHT expects its suppliers to comply with the applicable national regulations and international standards governing the protection of minors.

As a socially responsible employer, KRACHT sees its workforce as an invaluable resource. KRACHT creates an environment in which it offers personal and professional development for every individual. It also invests in the qualification and competence of its workforce. In return, KRACHT expects its employees to demand high expectations of themselves, their performance, and their health. This means that following safety provisions and practices is a must.



IV.

HEALTH PROMOTION

KRACHT has made the promotion of health and employee satisfaction a permanent feature of its corporate values. KRACHT offers its employees an extensive range of preventive measures in order to promote and maintain health. KRACHT has an in-house health centre, which is competently managed by appropriate health and sports professionals. The health centre is equipped with the latest sports and fitness equipment for general prevention and regeneration after illness. Moreover there are also well-equipped rooms for courses and massages.



V.

**ENVIRONMENTAL PROTECTION/
SUSTAINABILITY**



KRACHT seeks to continuously optimise the environmental compatibility of its business activities and to use raw materials and the environment with consideration and responsibility. KRACHT believes that national and international statutory regulations and standards on environmental protection should be met or even exceeded as a matter of course.

VI.

NO CONFLICTS OF INTEREST



KRACHT employees are expected to avoid situations in which their personal or financial interests may collide with KRACHT's. Therefore, it is prohibited in particular to be on terms with competitors, suppliers or customers, or to enter into private business relationships that may give rise to conflicts of interest. Situations of conflict must not impair KRACHT's interests.

Such conflicts of interest can materialise in a number of situations: For example, no-one is allowed to gain advantages of any kind which, when looked at from a reasonable perspective, can be assumed to impact KRACHT's business decisions or transactions. Therefore, invitations must stay within the limits of customary hospitality. Employees are not allowed to gain direct or indirect advantages by exploiting their position within the company and obtaining confidential information.

Everybody is under the obligation to further KRACHT's legitimate interests to the greatest extent possible. Any situation of competition with the company has to be avoided.

Any actual or potential conflict of interest has to be reported and discussed with the relevant superiors.

VII.**NO BRIBES,
NO CORRUPTION**

KRACHT is firmly opposed to corruption and bribery. Only respectable business partners which comply with the legal provisions and stay clear of illegal funds will be tolerated. Lines of action in which business is conducted by dishonest means will not be tolerated. KRACHT staff is not allowed to offer, or accept, any benefits to/from business partners which could stand in the way of an objective and fair business decision, or even appear to do so. Individual benefits, including gifts or invitations to a restaurant or sport event can only be accepted if the person inviting does not expect a gratification in return. Benefits must stay within normal business customs, and they must be legal. Accepting so-called non-selective advertising material (calendars, bios, pendants, etc.) is permissible if the value does not exceed EUR 10 per unit, determined by the purchase or manufacturing costs. When in doubt, talk to a superior.



VIII.

**COMMUNICATION AND
HANDLING OF INFORMATION**

All KRACHT employees must work toward a smooth and swift flow of information within the company. Information must be correct and accurate when it is relayed to the relevant departments, as long as it is not an exceptional case especially due to confidentiality obligations in connection with overriding interests. Relevant knowledge must not be unduly withheld, warped, or selectively shared.

All employees must, on their own initiative, inform themselves about the laws, provisions and internal instructions that are relevant to the respective department. When in doubt, turn to the human resources division or the competent specialist department (e.g., customs/export control) for advice.

Unfaithful reporting within the company or to external organisations or persons is prohibited. All of KRACHT's annual accounts and reports, business documents and business records must give an accurate account of transactions, and they must comply with the statutory requirements, the accounting principles, and KRACHT's internal accounting procedures.

IX.

CUSTOMS AND FOREIGN TRADE

KRACHT supports the global effort to prevent the manufacture of nuclear, biological or chemical arms and the development of suitable carrier technologies, and observes all relevant regulations on foreign trade, customs and export controls.

The trade in goods, services and technologies is regulated by national and international laws. All employees must comply with the foreign trade and customs regulations and import/export provisions applicable to their specific field of responsibility when products, services or technologies are sold or bought transnationally. When in doubt, the employee has to inquire with the competent contact persons in the specialist departments.

The specialist department which is responsible for customs handling and export control must verify the compliance of all imports and exports against the relevant provisions.



X.

PROTECTION OF CORPORATE ASSETS

All KRACHT employees are responsible for treating company property with due care. They are obliged to safeguard KRACHT property against loss, damage, misuse, theft, misappropriation, and destruction. Moreover, they are obliged to immediately alert their superiors to any non-compliance.



XI.

COUNTERFEIT PARTS



KRACHT requires its suppliers to develop, implement, and maintain effective methods and processes to detect and minimise the risk of introducing counterfeit parts and materials into the supply chain. If detected, the suppliers are expected to establish effective processes to quarantine the product and notify the recipients of counterfeit product.

XII.

SECRECY AND DATA PRIVACY



A major part of KRACHT's business information is confidential or legally protected, resulting in an obligation to secrecy. This does not apply if the information is published with approval from KRACHT or if the publication is mandatory under a law or decree.

Intellectual property in particular is subject to this obligation to secrecy; this includes business secrets, patents, brand and copy rights, business and marketing plans, drafts, business documents, salary data and all other unpublished financial data and reports.

Personal information with respect to staff, customers, business partners, suppliers and other third parties must be used with due care within KRACHT and treated confidentially in full compliance with the laws on data privacy. Utmost diligence must be used to protect such information.

XIII.

IMPLEMENTATION, MONITORING, CONTACTS

The provisions in this code of conduct are at the heart of KRACHT's corporate culture. They are principles that must be adhered to at all times. All employees have a responsibility here.

Whenever you have questions, concerns or complaints regarding the provisions of this code of conduct or if you learn of a breach of the principles of conduct contained therein, you should not hesitate to report to a superior so that the issue can be resolved. This may take place anonymously or confidentially (e.g., via the works committee).

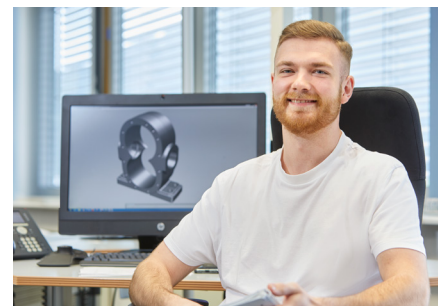
Should you not be happy with the resolution, you can turn to the compliance officer, in addition to a superior, to discuss your concern or complaint. KRACHT will allow no reprisal due to a bona fide complaint raised in accordance with this code of conduct.



XIV.

RESPONSIBILITY AND CONSEQUENCES

KRACHT is fully aware of its responsibility to compliance. Every employee is bound to comply with the principles of conduct contained herein. KRACHT will not tolerate violations of these principles, which will be prosecuted. This also applies to employees neglecting to obtain the required advice or to report an issue to the responsible department. In serious cases, this may result in the employee being dismissed (internal) or the business relationship being dissolved (external). In case of a breach or problem or when in doubt, employees should therefore talk to their superior, the compliance officer, the works committee, or to management. Absolute confidentiality is guaranteed.



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