

CODE OF CONDUCT

January 2015

Kendrion N.V.
Vesta Building 5th floor
Herikerbergweg 213
1101 CN Amsterdam
The Netherlands
Telephone +31 85 073 1500
Email info@kendrion.com
www.kendrion.com

Code of Conduct

In this Code of Conduct, Kendrion describes its rules of conduct, the ethical principles that form the basis for the business conduct of all activities of Kendrion and its employees. This Code of Conduct reflects the headlines on how we must behave and conduct our business under various circumstances and in different situations. All Kendrion employees have an obligation to comply with the letter and spirit of this Code and to help others to do the same.

Kendrion wishes to be clear about its mission and strategy but also about standards and values. Under the influence of social developments the standards and values have become more explicit and stringent. Kendrion regards it as important to cope with its role as a both economic and social actor and to establish its particular rules of business conduct.

The Code of Conduct has been defined as clearly and concisely as possible, so that the responsibility for its observation can be shared by each individual Kendrion employee. Despite the clear formulation, situations will undoubtedly arise within the dynamics of everyday business for which the rules described here do not give the appropriate answer, or in which they leave room for interpretation. In such a situation, the spirit of the rules and the interests of the company should be the primary considerations in the choice of the action to be taken.

If there is any doubt about how to act or behave, it is absolutely essential before taking any action to first discuss the relevant issues with colleagues from a higher management echelon of the respective company. The management of Kendrion is ultimately responsible for the handling of issues which are brought to their attention.

Kendrion has become a participant of the UN Global Compact in 2009 and supports its ten principles regarding human rights, labour standards, the environment and anti-corruption. The UN Global Compact is a worldwide initiative and network that aims at strengthening corporate social responsibility and sustainability. This Code of Conduct of Kendrion is partly based on the ten principles of the UN Global Compact and comes along with Kendrion's active and consistent participation.

In this way Kendrion will remain - in the interests of customers, shareholders, employees, suppliers and other stakeholders - a company that acts with care and integrity.

Mission and Strategy

Mission

Kendrion is committed to being a leading international company that uses its existing know-how, innovative capabilities and commercial strengths to provide solutions to the company's industrial and automotive customers. In doing so Kendrion intends to be a transparent, flexible and reliable company where entrepreneurial zeal is combined with clear profit targets. Kendrion seeks to further strengthen its position as a fast-growing high-tech company.

Strategy

Kendrion's policy is focused on the creation of sustainable added value and the achievement of appealing return on investment for the company as a whole. This is based on a powerful focus on a number of selected operations and on profitable growth achieved both organically and via acquisitions. Kendrion's objective is to evolve from a European player into even more of a global player. Within this context, the USA and China are important countries for further growth. Kendrion intends to achieve this objective by building up and expanding its leading market positions in selected niche markets in terms of both revenue and added value. Kendrion utilises its existing know-how, innovative capacity and commercial strengths to offer solutions to a wide range of customers, whereby the company shall focus on the further expansion in the fields of applications for electromagnetic and mechatronic systems and components.

Kendrion's spearheads are:

- Niche market leadership in selected business-to-business markets;
- Organic growth in the current operations;
- Utilisation of synergy in and between the business units (locally but also internationally);
- Balanced spread of the operations;
- Targeted add-on acquisitions;
- Enhancement of the innovative capacity;
- Corporate Social Responsibility and sustainability.

1. Respect the law

- Be informed on the relevant legislation of the country you work in or conduct business with.
- Do not interpret or circumvent any clear and undisputed law.
- If these laws clash with home law, generally accepted ethical standards or if they are at odds with the Kendrion Code of Conduct seek higher management counsel.
- If necessary, provide for adequate legal advice through Kendrion Group Services head offices in Amsterdam, the Netherlands

2. Take notice of the competition rules

- Do not enter into any agreements with competitors with respect to anti-competitive subjects, such as prices or parts thereof, rebates, quantities, buyers or suppliers.
- Do not co-ordinate the company's behaviour with that of competitors.
- Avoid contacts or discussions with competitors with respect to anti-competitive subjects: distance yourself actively from such contacts or discussions.

3. Observe local customs

- Be informed on local customs of the country you work in or conduct business in line with such customs as far as possible.
- Be aware of religious, political, social and ethnic/cultural customs not fitting your own, whether or not, Western standards.
- If any local custom clashes with home law or the Kendrion Code of Conduct seek higher management counsel.
- When residing in a country for half a year or more, learn the local language.

4. Take care of safety and health

- This is applicable for customer personnel, of Kendrion personnel and of the public as exposed to Kendrion products, services and manufacturing.
- Observe adequate safety procedures and health care rules at all times and create effective precautionary measures.
- Steer away from toxic and dangerous materials and processes (as much as possible).
- Test products and constructions before releasing them.

5. Protect the environment

- We aspire to act in a manner that minimises the detrimental environmental impacts of our business operations. We include in this aspiration: the reduction of waste and an efficient use of energy.
- Be aware of, and communicate to customers and users of Kendrion products and equipment, potential dangers to the environment caused by irresponsible use of such products and equipment.
- Observe local environmental standards or internationally accepted standards, whichever are higher.
- Encourage the development and diffusion of environmentally friendly technologies.

6. Respect fundamental human rights

- Protect local employees for possible human rights abuses - provide adequate legal support whenever necessary.
- Do not tolerate human rights abuses within Kendrion's sphere of influence as far as it is within your power.

- Do not employ child labour or prisoner labour, nor any other form of forced and compulsory labour.

7. Apply sound business practices

- Kendrion conducts business honestly, without the use of corrupt practices or acts of bribery. This means that we do not give or receive anything of value for the purpose of encouraging improper performance or gaining any improper advantage.
- Bribery and corruption may take various forms, including commissions or royalties, consulting fees, marketing expenses, travel and entertainment expenses, rebates or discounts or free goods, paid or provided directly or through third parties.
- Engaging in bribery or corruption, as well as supporting it indirectly, may lead to dismissal, substantial fines and even to imprisonment.
- Gifts and hospitality must be reasonable, proportionate and appropriate in the circumstances.
- Kendrion does not make donations to political individuals or entities. Charitable donations are permitted when they are not given with a corrupt intent; they are fully transparent and recorded fairly.
- We must ensure that third parties providing services to us or acting on our behalf do not engage in bribery or in corruption.
- All our books and accounts must be accurate and reasonably detailed and may not include false, artificial or misleading content.

8. Choose respectable business partners

- This holds for customers, suppliers, subcontractors, agents, representatives and joint venture partners.
- 'Respectable' meaning in the understanding of Kendrion: healthy financial track record, sound business practices, management with a clean legal record, and a code of ethics not differing substantially from Kendrion's.
- Put all major contracts, agreements, and understandings in writing and make sure these documents are properly lodged, so that continuity can be guaranteed.
- If and when a business partner willingly violates the law or a substantial rule of conduct, as observed by Kendrion and its key customers, freeze the relationship and seek higher management counsel as to termination.
- In the event that a business partner wants to enter into agreements with you with respect to anti-competitive subjects or if a business partner wants to co-ordinate its behaviour with you with respect to these subjects, distance yourself from such actions and inform the person in charge.

9. Observe responsible labour policies

- Pay adequate wages, by local standards.
- Do not discriminate remuneration by sex, race, and religious denomination or by any other means for positions of equal importance.
- Let your labour force, lower and middle management reflect the composition of the local population as much as possible.
- The freedom of association and recognition of the right to collective bargaining should be upheld.

10. Serve vital community interests

- Cultivate a friendly and helpful relationship with the local community.

- Observe strict safety, health and environment protection rules in your local plant.

11. Maintain full accountability

- Maintain sound and updated records - administrative, financial, operational and business-wise.
- Write down all vital procedures governing your administration, operations and business transactions, and always keep a copy of this set of procedures available.
- Give free access and full support to Kendrion's controllers and Certified Accountants, both for regular reporting and audits.
- Of that which cannot be officially reported in writing, for instance in case of political turbulence, calamity or liability, inform responsible higher management in a full and open way.
- Always maintain open lines of communication within Kendrion and with your customers.

12. Living by our Code of Conduct

- The Code of Conduct applies to all transactions, large or small, and drive the behaviour expected of every Kendrion employee.
- It is the responsibility of management to provide employees with safe and confidential channels to raise concerns and report (suspected) instances of non-compliance. In turn, it is the responsibility of Kendrion employees to report (suspected) breaches of our business principles to Kendrion