

**KEN-TRON MFG., INC.**

**STANDARDS OF BUSINESS CONDUCT  
CODE OF ETHICS**

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Every employee of Ken-tron can be proud of the values we have upheld for over 50 years. At Ken-tron our values guide our behavior at every level and apply across the company.

We expect all Ken-tron family members to conduct business in compliance with our STANDARDS OF BUSINESS CONDUCT CODE OF ETHICS. These principles provide the foundation on which all our future successes will be based.

Ken-tron works each day to be a leader in the fields in which we compete. Achieving our quality policy, ***Providing our customers a quality product, shipped on time at a competitive price***, must never come at the cost of our most valuable asset, our integrity.

I encourage each of you to read and follow this Code as we continue to ethically provide Quality, Value and Service.

Robert D Hudson  
President  
Ken-tron Mfg., Inc.

## **General Integrity**

Ken-Tron Mfg., Inc. (Company) has established a reputation for integrity in the conduct of its business. Corporate policy mandates a continuation and enhancement of that reputation. We must conduct business in keeping with the highest moral, ethical, and legal standards. By conducting business in this manner, the Company can progress and we can insure the respect of employees, shareowners, customers, suppliers and government.

We are all expected to observe a high level of basic personal conduct. The Company expects that you will be:

- law abiding;
- ethical;
- dedicated and loyal to the Company;
- honest and trustworthy;
- responsible, reliable;
- accurate, truthful;
- cooperative; and
- dedicated guardians of the resources of the Company and its customers.

In support of these general rules of conduct, you must:

- be alert to behavior by any Company officer or employee that is illegal or unethical;
- seek advice and counsel from a Company Officer regarding any questions about your responsibilities under the Company's Standards of Conduct; and
- bring potential violations of the Company's Standards of Conduct to the attention of your supervisor, a Company Officer or the President.

This Code is applicable to all employees, officers, directors and agents of the Company. Copies of this Code are provided for each person retained by or authorized to act on behalf of the Company. Additional copies may be received from the Vice President of Finance.

## **Avoidance of conflicts of interest.**

We are all in positions of trust in one way or another. That trust is breached if anyone has a conflicting interest. We all must be careful to avoid even the appearance of conflicts between our private interests and our Company responsibilities. For example:

Gifts, gratuities, and entertainment. You may not solicit or accept a gift of money or solicit non-monetary gifts, gratuities, entertainment or other personal benefits from

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suppliers or customers. You may accept unsolicited, non-monetary gifts from sources doing or seeking to do business with the Company only if the gifts are of nominal value and primarily of a promotional or advertising nature. You also may offer to accept entertainment but only if the entertainment is reasonable, occurs infrequently and does not involve lavish expense. You may not offer or accept entertainment unless it is only incidental to the business relationship.

In some foreign countries, it is customary for foreign suppliers or customers to give gifts of more than nominal value to representatives of companies the deal with. In such cases you should report the gift to the Vice President of Finance, who will advise you whether you may keep the gift or must return it or turn the gift over to the Company.

Outside interests. Conflicts with the interests of the Company can arise if you or your family has a material investment interest in another enterprise which is a supplier or purchaser of goods or services to or from the Company *or* which competes with the Company. You also must avoid outside employment or activities which would have a negative effect upon the performance of your jobs for the Company or conflict with your obligations to the Company, or which may negatively affect the reputation of the Company. All such relationships must be disclosed, and are prohibited unless prior approval is received through your supervisor.

Computers and software. Many Company employees use Company-owned computers. This equipment, the Company-purchased or authorized software which runs on the equipment and the data which is stored in the computer (for example, word processing documents, spread sheets, data bases and analyses) all are the property of the Company and must not be disclosed, duplicated, distributed, or altered except in the normal authorized course of Company business. Company-owned equipment and facilities may not be used to duplicate or distribute software in any manner inconsistent with the manufacturer's license agreement or guidelines. Unlicensed software must not be used on Company-owned equipment. Personally purchased commercial software may be loaded into a Company computer only with the consent of the user's supervisor and the Management Information Services (MIS), and then only if the original media contained the program (eg. floppy disk) remains on Company premises and the applications currently in use are made available to the MIS for unscheduled periodic audits. Software which has not been purchased through or approved by MIS may not be loaded onto a Company-owned computer, or may Company computers be used for private or personal purposes unless such usage is with the express consent of the user's manager and is only occasional and after regular business hours. Storing, transmitting, or receiving any "adult material" is expressly prohibited.

**Confidentiality of Company information.**

Many of us are exposed to business information that is the confidential or proprietary property of the Company. This includes manufacturing methods of processes, marketing or new product plans, customer lists and plans or programs for particular customers, price schedules, organization plans, and merger or acquisition plans. You must maintain all such information in complete confidence both while employed by the Company and thereafter, and must disclose such information only to others at Ken-Tron who have the clear right and need to know the information in order to perform their jobs. Under no circumstances may this information be disclosed to anyone outside the Company without the Company's expressed consent, unless legally compelled to be disclosed as part of a lawsuit or legal investigation. This means that confidential information obtained at work should not be discussed with family, relatives, business or social acquaintances, nor discussed with other employees who do not have a clear right and need to know. It is the Company's practice to request new employees to sign letters confirming their obligation of confidentiality, but this obligation exists whether or not a confirming letter is signed.

**Company resources.**

The Company's ability to serve its customers, earn a fair return for its stockholders and provide continuing employment to employees, is based on its efficient use of its resources and in operating within budget. The Company's resources include technology, information and data, computers, buildings, land, machinery and equipment, supplies and raw materials, cash and, of course, the talents of employees. No one may take or improperly use Company resources or permit others to do so. Incidental use of Company resources in connections with community or professional activities may be permitted if specifically authorized by the Company. The use of Company funds, property, services or things of value for or in aid of advertising, marketing, development or fundraising for any entity other than the Company is prohibited. Any exception requires the prior approval of the President.

**Quality, customer service, and operating expense management.**

The Company must operate its businesses as efficiently and cost effectively as possible. You should continually seek ways to reduce expense as well as to improve the quality of all the Company's systems for manufacturing, marketing, selling and distributing the Company's products. Continuing improvements in job performance and efficiency are everyone's responsibility. This includes learning and applying analytical methods for ever continuing improvement in quality, efficiency, and "getting it right the first time" in every job. It also includes individual performance, and the employees and their supervisors concerning individual performance, and the assumption by each employee of personal responsibility for development or ever-improving skills.

**Assuring Reliable Books and Records.**

The results of operations and the financial position of our Company must be recorded in accordance with the requirement of law and generally accepted principles. It is Company policy, as well as a requirement of law, to maintain books, records and accounts that in

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reasonable detail accurately and fairly reflect the business transactions and disposition of assets of the Company.

The integrity of the Company's accounting and financial records is based on the accuracy and completeness of the basic information supporting entries to the Company's books of accounts. Everyone involved in creating, processing and recording such information is held responsible for its integrity. Every accounting or financial entry should reflect exactly what is described by the supporting information. There must be no concealment of information from (or by) management, or from the Company's independent auditors.

No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

No false or misleading entries may be made in any books or records of the Company for any reason, and no fund, asset, or account of the Company may be established, acquired or maintained for any purpose unless such fund, asset or account is properly reflected in the books and record of the Company. No corporate funds or assets should be used for any unlawful or improper purpose.

In addition, managers and others responsible for the preparation of financial information should ensure that the Company's corporate financial policies are followed. Revenue and expenses should be properly recognized on a timely basis. Assets and liabilities should be properly recorded and approximately valued

If you become aware of a possible omission, falsification or inaccuracy in accounting and financial entries, or basic data supporting such entries, you must report promptly such information to you supervisor or the President.

### **Retention of Books and Records**

When Company records and files may be destroyed or disposed of is not discretionary with any one, including the person who created the record. Legal rules and regulatory practices require the retention of certain records for various periods of time, and the Company's record retention policy establishes the general periods of time for which they will be kept. In addition, when litigation or government investigation or audit is pending, relevant records must not be destroyed until the matter is closed. There are stiff penalties including fines and up to 20 years of imprisonment for knowingly destroying documents with the intention of impeding a governmental investigation. At the same time, no files or records should be retained longer than is required under the record retention policy. Copies of the record retention policy are available from the Vice President of Finance, who also can help answer any questions you may have concerning retention of particular documents, files or records.

**Competitive practices.**

The Company is a vigorous competitor in its markets. However, the antitrust laws of the United States and other countries and the U.S. Foreign Corrupt Practices Act create complex legal obligations which concern many jobs in our Company. Certain kinds of transactions or practices are prohibited under these laws. For example, no agreement or understanding may be made with competitors to fix or control prices, to allocate products, markets or territory, to boycott certain customers or suppliers, or to refrain from or limit the manufacture, sale or production of any product, and the Company generally may not discriminate in pricing the same products to competing customers in the marketplace.

The Company seeks economic knowledge about its competitors. However, you must not engage in illegal or improper acts to acquire competitor's trade secrets, customer lists, information about customer facilities, technical developments or operations. The Company will not hire competitors' personnel, customers or suppliers to disclose confidential information, nor shall we seek such information from competitors or employees subsequently hired by the Company.

The Foreign Corrupt Practices Act and other U.S. laws prohibit the payment of any money or anything of value to a foreign official, foreign political party or any candidate for foreign political office for purposes of obtaining, retaining or directing business. Employees who are involved in trade associations where participation involves opportunities for communications among competitors, customers and suppliers, also should seek counsel from a Company Officer concerning their activities and communications within such organization.

All of the laws governing competitive practices are complex and sensitive to particular fact situations. If your job brings you into contact with customers, competitors or suppliers regularly, you have an obligation to become familiar with antitrust compliance and to consult with a Company Officer whenever questions arise that may involve antitrust implications.

**Political activity.**

The Company encourages you to fully participate as citizens in the political processes of our country and its states and communities. However, anyone who participates in partisan political activities must make every effort to ensure that they do not create the impression that they speak or act on behalf of the Company. U.S. law and the statutes of most states prohibit the Company from contributing to political candidates, political parties or party officials. Company employees visiting or residing in any country other than the United States must avoid involvement in political activities in that foreign country.



**Safety.**

Maintaining a safe and hazard-free work environment is an extremely important to the Company. Workplace safety requires everyone's cooperative effort. Injuries are caused; they don't just happen. An act of negligence, disregard for proper work methods or procedures, careless haste, improperly guarded equipment or lack of proper maintenance – all can cause an incident. Incidents not only affect the employees who are hurt but adversely affect production, efficiency, and profitability and, in the long run, employee opportunity. You are expected to be constantly alert for incidents of human error, mechanical failure, systems design problems, conditions or practices which could adversely affect employees or product safety or cause an incident, and promptly report them and take the initiative to make or suggest corrections. Employees must learn the locations of the fire equipment, alarm boxes, first aid supplies and emergency exits in the facilities in which they work. No one may possess or consume illegal drugs, or be impaired by alcohol or drugs, while working on Company business or premises. Any incident or injury must be reported immediately to the supervisors or the function in which the incident occurs.

**Environmental protection.**

The Company is committed to complying with the nation's environmental regulations, preventing deterioration of the environment and minimizing the environmental impact on our operations. You have the responsibility to abide by safe operating procedures, to guard your own and all employees' health, to maintain and utilize pollution control systems, and to follow safe, sanitary and authorized procedures for the disposition of industrial and hazardous waste materials. You have the responsibility to know the rules applicable to your operations. You must report to your supervisors any condition, which you perceive to be unsafe, unhealthy, or hazardous to the environment. Any existing or potential violation of federal, state, or local environmental protection laws which is not promptly corrected after being brought to the attention of the appropriate manager should be reported immediately to a Company Officer.

**Dealing with each other.**

It is the policy of the Company to utilize its human resources effectively by selecting and rewarding the best qualified employee at the appropriate compensation level for any given position. In exercising this policy, the Company will not discriminate against any person, employee or job candidate because of race, color, religion, sex, age, national origin, veteran status or qualified handicap, in recruiting, hiring, promotions, layoff, compensation, benefits, terminations and all other privileges, terms and condition of employment. The Company also maintains affirmative action programs to promote equal employment opportunities for females, minorities, handicapped persons and disabled veterans. The Company does not tolerate Sexual or workplace harassment. Sexual harassment may include unwanted sexual advances, sexual jokes, subtle or overt pressure for sexual favors, sexual innuendoes, and offensive propositions. Workplace harassment includes threats, intimidation, bullying, and subjecting individuals to ridicule or

exclusion. The Company maintains specific guidelines and rules that you are required to read and understand, concerning its commitment to non-discrimination, affirmative action, and the prohibition of sexual harassment. These commitments are easily met if we all treat each other with courtesy and fairness and have respect for the dignity of each other.

### **Assuring Compliance by Others.**

You are expected to understand and comply with the Company's Standards of Conduct. This includes the obligation on your part to report dishonest or illegal activities by others. The report is to be made to:

- the immediate supervisor of the employee who is observed in breach of these Standards; or
- a higher level of management than the immediate supervisor; or
- the President.

Reporting violations by others is very important: a breach of the Company's Standards of Conduct by a person may violate the laws of our nation and endanger the Company and the jobs of many other employees. If you observe a violation or suspected violation, but sincerely believe that anonymity is necessary, you may submit the information to the Vice President of Finance by mail or at [www.ken-tron.com/conduct](http://www.ken-tron.com/conduct) All reports will be treated confidentially if possible. (In some cases in which legal violations already may have occurred, the Company may have an unavoidable legal obligation to disclose the violation to a government authority or agency.) All reports will be investigated and acted upon appropriately.

A failure to submit information concerning dishonest or illegal activities you have observed is itself a violation of the Company Standards of Conduct, as would be the submission of information which is known to be false. Any submission may be in person or in writing and should contain a description of factual basis for the allegations. It also is a serious violation of these Standards of Conduct for any one to initiate or permit any reprisal against an employee or other person who in good faith reports known or suspected violations.

Officers and managers are responsible for reviewing alleged violations with the President.

### **Reporting of Violations.**

These Standards are important to the Company and must be taken seriously. If the Company finds that these Standards of Conduct have been violated, the Company will impose disciplinary actions. Penalties will depend upon the severity of the violations as the Company finds appropriate, and may range from a warning to dismissal. In addition, law enforcement agencies may be notified of violations, including the identity of the violator, if a breach of law occurred.

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Disciplinary action will be taken against anyone who authorizes or participates directly in action in violation of the Company's Standards of Conduct, as well as those who have knowingly withheld information concerning violations. Additionally disciplinary action also may be taken against any supervisor or manager who may have indirectly contributed to a violation because of negligent or incompetent supervision, or who retaliates against an employee who reports a violation.

**Waivers**

Any waiver of these Standards for an executive officer or director may only be made by the Board of Directors or an appropriate Board Committee and must be promptly disclosed to the Company's Shareholders.

**Summary.**

The Company's reputation and its actions as a legal entity depend on the conduct of its employees, officers and directors. We must each commit to act according to the highest ethical standards and to know and abide by applicable laws. We each must assure that our personal conduct is above reproach and complies with these Standards. Difficult as it may be at times, we also each have an obligation to assure that the conduct of those who work around us complies with these Standards. The Standards will be enforced at all levels fairly and without prejudice.

Anyone with a question about these Standards of Conduct and their scope and interpretation in any circumstances, whether involving them or someone else, should not hesitate to ask for clarification or help. Prompt and open discussion of questions and issues will help assure that the Company remains in compliance with these Standards. That, in turn, will help assure that the Company can achieve its planned business growth, to the advantage of all the present and future associates who will share both in the responsibility or that growth and its rewards.