

January 2014

**HURCO COMPANIES, INC.**

**CODE OF BUSINESS CONDUCT AND ETHICS**

**Scope**

This Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and procedures, and is designed to deter and detect any wrongdoing and promote the standards set forth herein. It does not cover every issue that may arise, but it sets out basic principles and standards applicable to all employees, officers and directors of Hurco Companies, Inc. and all of its subsidiaries and affiliates worldwide ("Hurco" or the "Company"). All of our employees, officers and directors must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by third party's acting for the Company's benefit or on the Company's behalf, including agents, consultants and distributors.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to appropriate disciplinary action up to and including termination of employment or service. *If you are in a situation, which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 16 of this Code.*

**Practice**

***1. Compliance with Laws, Rules and Regulations***

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All employees, officers and directors must respect and obey the laws, rules and regulations of the cities, states and countries in which the Company conducts business. To that effect, all employees, officers and directors must take an active role in being knowledgeable of and ensuring compliance with all applicable laws, rules and regulations, and must immediately report violations or suspected violations to the Audit Committee of the Company's Board of Directors (in the case of directors or executive officers), to the Company's Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") (in the case of other officers) or to the Director of the Corporate Human Resources Department (the "HR Director") (in the case of other employees).

During any Company, government inspection or investigation, you should never destroy or alter any Company documents, lie or make misleading statements to the government investigator, attempt to cause another employee to fail to provide accurate information and/or obstruct, mislead or delay the communication of information or records.

## ***2. Related Person Transactions and Conflicts of Interest***

The Company recognizes that "related person transactions" (as defined below) may raise questions among shareholders as to whether those transactions are consistent with the best interests of the Company and its shareholders. A "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including its subsidiaries) was, is or will be a participant, and in which any "related person" had, has or will have a direct or indirect interest. A "related person" includes:

- any person who is, or at any time since the beginning of the Company's last fiscal year was, an employee, director or officer of the Company, or a nominee to become a director of the Company;
- any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities; and
- any immediate family member of any of the foregoing persons, which includes spouses, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, in-laws, spouse's in-laws and any person (other than a tenant or employee) living in the same household as the employee, director or officer (collectively, a "Family Member").

Related person transactions are strictly prohibited under this Code, unless approved or ratified by the Audit Committee of the Company's Board of Directors, the CEO, CFO, or the Company President. Any employee, officer or director involved in a proposed related person transaction must provide notice in writing to the Audit Committee (in the case of directors or executive officers), the CEO or CFO (in the case of other officers) or to the employee's supervisor, who in turn must notify the Company President (in the case of other employees) the facts and circumstances of the proposed related person transaction. The Audit Committee, CEO, CFO, or President with the assistance of outside counsel as necessary, will assess whether the proposed transaction is a related person transaction and, if so, the proposed related person transaction will be submitted for consideration. In determining whether to approve or ratify the related person transaction, the Audit Committee, CEO, CFO, or President will consider, among other things, whether the transaction in question is in, or is not inconsistent with, the best interests of the Company and, where applicable, the terms of such transaction are at least as favorable to the Company as could be obtained from an unrelated third party. The Audit Committee, CEO, CFO, or President will notify in writing, the director, officer or employee of its determination.

In addition to related person transactions, other conflicts of interest are strictly prohibited under this Code, unless approved by the Audit Committee for any potential conflict involving directors or executive officers or the CEO, CFO or Company President for potential conflicts involving other officers or employees. A "conflict of interest" exists when a person's private interest

interferes - or even appears to interfere - in any way with the interests of the Company. The existence of a conflict depends upon the circumstances, including the nature and relative importance of the interest involved. A conflict of interest situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position with the Company.

Although it is not practical to list every activity or interest that might present a conflict of interest, the following are examples of specific situations in which conflicts of interest could arise, and sets forth the Company's policy with respect to such conflicts of interest.

#### Interests in Other Companies

Directors, officers or other employees, or any of their respective Family Members, shall not acquire, own or have a significant financial interest<sup>1</sup> in any business organization that does or seeks to do business with the Company or is a competitor of the Company, unless (a) such interest has been fully disclosed in writing to the Audit Committee of the Company's Board of Directors (in the case of directors or executive officers), the CEO or CFO (in the case of other officers) or to the employee's supervisor, who in turn must notify the Company President (in the case of other employees) and (b) the Audit Committee, CEO, CFO, or President, as appropriate, notifies the director, officer or employee in writing that it has been determined that the director's, officer's or employee's duties for the Company will not require him or her to make or cause to be made decisions that could be influenced by such interest, or that the interest is otherwise permissible.

#### Employment by Other Companies

Directors, officers or employees shall not serve or accept an offer to serve as a director, partner, consultant of, or in a managerial position or any other form of employment or affiliation with, any business organization that does significant business with or is a competitor of the Company, unless (a) such position, employment or affiliation has been fully disclosed in writing to the Audit Committee (in the case of directors or executive officers), to the CEO or CFO (in the case of other officers) or to the employee's supervisor, who in turn must notify the Company President (in the case of other employees) and (b) the Audit Committee, CEO, CFO or President, as appropriate, notifies the director, officer or employee in writing that it has been determined that such position, employment or affiliation is permissible.

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<sup>1</sup> As a minimum standard, a significant financial interest is an aggregate interest of a director, officer or employee and family members in another company or business that represents 5% of more of the company or business or provides 5% or more of the assets or income of such director, officer or employee. A significant financial interest generally will not include an investment representing less than 1% of a class of outstanding securities of a publicly held company.

### Conducting Business with Related Companies

Directors, officers or employees shall not conduct business on behalf of the Company with a member of his or her family, or a business organization with which he or she or a family member has an interest or employment relationship that calls for disclosure under the Code standards described above or that otherwise could be considered significant in terms of potential conflict of interest, unless (a) such business dealings have been disclosed in writing to the Audit Committee (in the case of potential conflicts involving directors or executive officers) or to CEO or CFO (in the case of other officers) or the employee's supervisor, who in turn must notify the Company President (in the case of other employees) and (b) the Audit Committee, CEO, CFO or President, as appropriate, notifies the director, officer or employee that it has been determined that such transaction is permissible.

### Unrelated Outside Employment

Should an officer or employee be engaged in outside employment not related to his or her regularly assigned work and not covered by the Code standards described above, such outside employment must not detract from the officer's or employee's job performance or otherwise be detrimental to the best interests of the Company. Unless an officer or employee has questions concerning the application of this policy to his or her particular situation, no notice to the Company is required.

### Reporting to an Immediate Family Member

The potential for conflict of interest clearly exists if your Family Member also works at the Company and is in a direct reporting relationship with you. Employees should not directly supervise, report to, or be in a position to influence the hiring, work assignments or evaluations of someone with whom they have a romantic or familial relationship.

### Soliciting Suppliers and Customers

No one should request donations from suppliers, customers or contractors to help pay for social functions, golf tournaments or other Company events. Solicitations of cash, merchandise or services are not allowed because they could be perceived to create obligations in order to keep, increase or obtain Company business. The Company desires that its suppliers and vendors understand that their business relationship with the Company is based totally on their ability to competitively meet the Company's business needs.

### Fees and Honorariums

With prior approval, you may give lectures, conduct seminars, publish articles in books or engage in any other similar activity for which you may be paid a fee or honorarium. However, any fees, honorariums or reimbursements must be transferred to the Company unless written approval is given to retain them.

### **3. *Anti-Corruption Policy***

#### **Scope and Policy Statement**

Doing business with integrity is a core value of Hurco. Each of us has a responsibility to do our part to make sure our actions reflect that value in all of our business dealings. In addition, Hurco's reputation is critical to our success. We take compliance with global anti-corruption laws very seriously.

Accordingly, you may not ever, directly or through any third party, offer, promise, authorize, give, solicit or receive bribes or kickbacks of any kind. Doing so would not only be a violation of this Code, but also may be a violation of various anti-bribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"). Special attention is given under various anti-corruption laws to persons employed by or performing functions on behalf of any non-U.S. government, including employees of a state-owned enterprise ("Government Employee").

By way of summary, remember that all of the Company's employees, officers, directors and third parties acting for our benefit or on our behalf are prohibited from ever (directly or indirectly) offering, making, promising or authorizing any payments, gifts or the provision of anything else of value to any person (including any Government Employee) in order to obtain, retain or direct any business, or to secure any other business or regulatory benefit for the Company in a manner that is corrupt or otherwise unlawful. Any violation of the FCPA may result in civil and/or criminal penalties, as well as jail time for the individuals involved. The FCPA is enforced against public companies like Hurco by both the U.S. Department of Justice ("DoJ") and the U.S. Securities and Exchange Commission ("SEC").

Corruption issues can be complex. Warning signs may suggest improper conduct or corrupt intent, and employees should be familiar with these warning signs. Some warning signs, or "red flags", are set forth in the Company's FCPA Compliance Guidelines (the "Guidelines"). The Guidelines also provide important additional details regarding compliance with this Code and the FCPA, including requirements regarding the pre-retention due diligence on proposed agents, consultants or distributors, doing business with Government Employees and other useful and important information. You are expected to read, understand and strictly comply with this Code and the Guidelines. If you are uncertain as to whether any conduct may violate this Code or the Guidelines, you must immediately seek guidance from the Company's Compliance Manager prior to engaging, or authorizing, any such conduct.

In addition to prohibiting bribery, public companies like Hurco are also required to make and maintain accurate books and records in reasonable detail that reflect the true nature of all transactions the Company enters into, and the disposition of all Company assets. Failure is a violation of the FCPA, enforced by the SEC.

It is the responsibility of officer, director and employee of the Company to familiarize themselves with this Code and the Guidelines, and to comply with it and all applicable

anti-corruption laws. Failure will result in appropriate disciplinary action, up to and including termination of employment.

### **Facilitating Payments**

While in some countries it is common for a government employee to demand small “facilitating” or “grease” payments in order to perform routine, non-discretionary actions, the prior approval of the Compliance Manager is required before any such payments may be made, offered or authorized.

## **4. Gifts, Favors, Entertainment and Payments**

*Offered, Promised, Made, Provided or Authorized by Company Directors, Officers or Employees.*

You should be aware that it is a violation of law to confer benefits on an employee of another company if it is made without such person's employer's consent or knowledge and with intent to influence such person's conduct in relation to the affairs of the employer. The infrequent giving of modestly valued, seasonal gifts at holiday time is generally not considered to be a violation of this policy; however, at no time may cash or cash equivalents (gift cards, savings bonds, stock, etc.) be issued as gifts. And, at no time may anything be sought or expected in return for a gift.

Gifts can include anything of value, including meals or entertainment, if the person providing the meal or entertainment is not in attendance. Examples of things that can be considered gifts include bottles of wine, products, tickets to entertainment or sporting events, lodging, discounts on products or services, services, equipment, prizes, transportation or reimbursement of travel expenses, use of vehicles or vacation homes, home improvements, tickets, and favorable terms on a product or service.

You may dispense common courtesies or ordinary social amenities generally associated with accepted business practices for generalized goodwill purposes if they meet all the following criteria:

- (a) There is nothing expected in return.
- (b) They are infrequent and limited in value, not to exceed U.S. \$100 value per gift and in a form that will not be construed as a bribe or pay-off. In addition, you should not offer or receive gifts during any 12-month period from the same company or persons affiliated with that company exceeding a total of U.S. \$250. If applicable local law sets stricter gift limits than the monetary limits provided here, for example a RMB 200 or less limit applies to certain gifts in China, you must follow the local law.)
- (c) They are not in violation of this Code, the Guidelines, applicable law and generally accepted ethical standards of a U.S. public, multinational company.

- (d) Public disclosure of the facts will not embarrass the Company or any director, officer or employee of the Company.

Secret commissions or other secret compensation or payments are never permissible and may be a criminal offense.

(See Section 13, Payments to Government Personnel, for a description of the Company's policy on gifts and other payments to U.S. governmental employees.)

*Received by Company Directors, Officers or Key Employees.*

You may not seek or accept any gifts (as defined above), payments, fees, services, privileges, vacations or pleasure trips (even with an apparent business purpose), loans (other than conventional loans on customary terms from lending institutions) or other favors from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. No one may accept anything of value in exchange for referral of third parties to any such person or business organization. In applying this policy:

- (a) You may accept common courtesies or ordinary social amenities generally associated with accepted business practices for yourself and members of your families.
- (b) It is never permissible to accept cash or cash equivalents (savings bonds, stock, etc.) of any amount. In addition, entertainment beyond that described by (a) above should not be accepted under any circumstances.
- (c) Same policies as (a) – (d) above.

Political and Charitable Contributions

Directors, officers and employees shall not use Company funds for contributions of any kind to any political party or committee or to any candidate for, or holder of, any office of any government – national, state or local. This policy is not intended to restrict in any manner the use of personal funds for political contributions. No such personal use of funds will be reimbursed by the Company under any circumstances.

Charitable contributions proposed to be made to or for the benefit of any recipients outside the United States must be approved in advance by the Compliance Manager and the CFO.

Again, conflicts of interest are prohibited as a matter of Company policy, except where approved in accordance with this Code. Conflicts of interest are not always clear-cut, so if you have a question, you should consult with the CEO or CFO. Any employee, officer or director who

becomes aware of a conflict or potential conflict involving another person who is a director or employee of the Company should bring it to the attention of the CEO or CFO of the Company or consult the procedures described in Section 16 of this Code.

### ***5. Insider Trading***

Employees, officers or directors who have access to non-public material information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. The term "trade" includes all securities transactions in the open market, and includes transactions in Company plans (if any) that include Hurco stock. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also is a violation of federal securities laws and can result in civil and criminal penalties. Non-public, material information includes, but is not limited to: significant new product/service developments, sales and earnings reports or projections, major contracts with customers or suppliers, plans for stock splits or buy backs and potential acquisitions or mergers. Such non-public material information in the case of another company would also include knowledge that the other company may enter into or is negotiating for a contract important to it for the sale of property, goods or services to or by the Company. In these instances where you have such information, you must refrain from buying or selling or encouraging others to buy or sell the Company's securities or securities of another company, as the case may be, until the information has been disclosed to the general public. If you have any questions about the appropriateness of purchasing or selling a security under these circumstances you should contact the CEO or CFO.

Directors and officers of the Company are reminded that they are subject to additional obligations and to certain reporting requirements under federal securities laws, which are beyond the scope of, and are not discussed in, this Code.

### ***6. Corporate Opportunities***

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of Company property, information or position without the consent of the Board of Directors. No employee, officer or director may use Company property, information, or position for improper personal gain, and no employee, officer or director may compete with the Company directly or indirectly. (See Section 2, Conflict of Interest.) Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### ***7. Competition and Fair Dealing***

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. You should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. You should not take unfair advantage of

anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

#### ***8. Full, Fair, Accurate, Timely and Understandable Disclosure***

It is the Company's policy to provide full, fair, accurate, timely, and understandable disclosures in all reports and documents that the Company files with or submits to the SEC, as well as in all other public communications made by the Company. In furtherance of this policy, the executive officers of the Company shall design, implement, and amend as necessary, disclosure controls and procedures and internal controls for financial reporting (collectively "Controls and Procedures"). All executive officers, directors and employees shall comply with the Controls and Procedures to promote full, fair, accurate, timely, and understandable disclosures by the Company.

#### ***9. Discrimination and Harassment***

The diversity of the Company's work force and management is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

#### ***10. Health and Safety***

The Company strives to provide a safe and healthful work environment. Everyone has a responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

#### ***11. Record-Keeping***

The Company requires that all personnel support and enable the Company to fulfill its obligations for accurate, timely and complete record keeping that correctly reflects the nature of the transactions in which the Company is engaged, and the disposition of all Company assets. This requirement relates to gifts, travel and entertainment and all other business practices. Many officers and employees regularly use business expense accounts. All expenses incurred in relation to Company business must be incurred in accordance with the Company's Gift, Travel and Entertainment ("GT&E") policy as described in paragraph 4 above and in accordance to the division's T&E policy. All expenses must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask the Compliance Manager, your supervisor or the Accounting Department.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets are strictly prohibited.

Business records and communications often become public, and you should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that could be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please notify the CEO or CFO.

## ***12. Confidentiality***

Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the CEO or CFO or required by applicable laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

Employees, officers and directors who have access to confidential information are obligated to safeguard it from unauthorized access and:

- not disclose this information to persons outside the Company. (Exercise caution when discussing company business in public places where conversations can be overheard. Recognize the potential for eavesdropping on cellular phones.)
- not use this information for personal benefit or the benefit of persons outside of the Company.
- not share this information with other employees except on a legitimate "need to know" basis.

Written approval from management is required before confidential information can be released outside the Company. This includes speeches, technical papers for publication, Company references, endorsements of other products and services, and information the Company has received from other companies under an obligation of confidentiality.

Any Company information created in the course of your employment or service belongs to the Company. The obligation to preserve confidential information continues even after your employment or service ends. Upon retirement or termination of employment or service, all written and tangible proprietary, confidential information must be returned to the Company prior to or on your last day of employment or service.

## ***13. Protection and Proper Use of Company Assets***

All employees, officers and directors should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company assets should not be used for non-Company business, though incidental personal use may be permitted.

### Use of email, voice mail and Internet services

E-mail systems and Internet services are provided to help you do our work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Do not access, send, or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, ethnic or racial slurs, or any other message that could be viewed as harassment. Also, remember that "flooding" Company computer systems with junk mail and trivia hampers the ability of the Company's systems to handle legitimate Company business.

Your messages (including voice mail) and computer information are considered Company property and you should not have any expectation of privacy. Unless prohibited by law, the Company reserves the right to access and disclose this information as necessary for business purposes. Use good judgment, and do not access, send a message, or store any information that you would not want to be seen or heard by other individuals. Violation of these policies may result in disciplinary actions up to and including discharge from the Company.

### Proprietary Information

Your obligation to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information may destroy the information's value, harm the Company's competitive position, or constitute breaches of agreements. It could also be illegal and result in civil or even criminal penalties.

The Company's guidelines regarding treatment of proprietary information are:

- Proprietary information should be discussed with Company employees only on a "need-to-know" basis.
- Unless someone with proper authority decides publicly to disclose proprietary information, disclosures to anyone outside the Company should occur only in conjunction with an executed confidential disclosure agreement.
- Always remain alert to inadvertent disclosure of proprietary information, *e.g.*, in social conversations or normal business relations with suppliers, customers and others.
- Do not accept proprietary information from third parties unless such information is subject to a written confidentiality agreement.

While you must remain alert to the competitive environment and seek information with respect to the Company's markets and its competitors, you must do so only by means that are lawful and ethical. You must never participate in illegal or improper acquisition of another's proprietary information. If you are approached with offers of such information, or with any information believed to have originated illegally or improperly, you must immediately refer the matter to the CEO or CFO (See Section 11, Confidentiality.)

#### ***14. Payments to Government Personnel***

15. In addition to the prohibitions imposed by the FCPA, as discussed in Sections 3 above, the U.S. government has a number of laws and regulations regarding business gratuities, which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State Waivers of the Code of Business Conduct and Ethics<sup>3</sup>

Only the Board may make any waiver of this Code for executive officers or directors and any such waiver will be promptly disclosed to the Company shareholders, as may be required by law or stock exchange regulation. Waivers of this Code for any other officers or employees may only be made by the CEO.

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<sup>3</sup> Under the SEC's rules, the Company is required to promptly disclose (substantive amendments to or waivers from a provision of this Code that applies to Specified Company Officers. The Company may choose to provide such disclosure either by filing a Form 8-K with the SEC or by disclosing such information on its website. However, the Company may disclose such information on its website only if it has disclosed in its most recently filed annual report on Form 10-K that it intends to disclose these events on its website, and its Internet website address.

#### **16. Reporting any Illegal or Unethical Behavior**

All employees, officers and directors should report violations of laws, regulations, rules or this Code. If you are concerned that someone has violated or may violate any law or Code standard, you may report these concerns to the Compliance Manager, Corporate HR Director or other appropriate management representatives.

If you have any concerns regarding questionable accounting, auditing or disclosure practices of the Company, you may report these concerns to the CFO, the Compliance Manager or directly to the Company's Audit Committee. You may submit those concerns in a confidential and anonymous manner by mailing them to the following address:

Audit Committee Chairman  
Hurco Companies, Inc.  
One Technology Way  
Indianapolis, IN 46268

or by calling the Anonymous Hotline ([Ethicspoint®](#)) at 1-866-ETHICSP (1-866-384-4277) or going to [www.ethicspoint.com](http://www.ethicspoint.com) and clicking on "File a Report".

What is Ethicspoint®: Ethicspoint® is your anonymous and confidential reporting tool to communicate fraudulent misconduct and promote a positive work environment. Addressing fraudulent misconduct in the work place early on will help minimize negative financial impact and public image to our company, employees, vendors and clients.

What to Report through Ethicspoint®: Situations, events, or actions by individuals or groups that constitute fraudulent misconduct as directed above. Ethicspoint® should not however be used for actions concerning an employee's moral, ethical, and behavioral conduct that does not constitute a fraudulent action against the company. These should be resolved by the Division General Manager, and/or Corporate Human Resources. Frivolous or unfounded reports do not help foster a positive workplace.

If there are any questions as to whether an action constitutes fraud, please refer to Ethicspoint® or contact the Compliance Manager for guidance.

Failure to make a report regarding a violation of this Code or law is a violation of these Code standards and may subject you to disciplinary action up to and including termination. You have a right, and at times a legal obligation, to call the Company's attention to situations in which the law or the Code standards have been breached.

Your confidentiality is a priority and every effort will be made to protect it. Please note, however, that we may be required by law to reveal your identity or it may be impossible to keep your identity confidential (for example, if we are investigating harassment complaints which require interviews of all witnesses). If you are concerned about anonymity, place your call to the Anonymous Hotline 1-866-384-4277, which is not equipped with caller ID or other devices that can identify or trace the number from which you are calling. You may also send an anonymous letter to the CEO or Chairman of the Audit Committee.

If you choose to reveal your identity, you will receive a prompt response to any questions or reports. If we cannot answer your question immediately, we will make every effort to get back to you within 5 business days. If your call requires an investigation, we will do so promptly and take the appropriate corrective action. When possible, we will provide you with the status of our investigation and inform you of the outcome.

Retaliation by any officer, employee, director or agent of the Company against any individual who seeks advice, raises a concern or reports misconduct is strictly prohibited and will not be tolerated. The Company will take appropriate action against any individuals engaging in retaliatory conduct against an employee who has truthfully, and in good faith, reported a violation. Retaliatory actions include suspension or termination of employment, demotion, threats, harassment or any other form of discrimination. Appropriate action will also be taken against any individual who has intentionally made a false report. This "anti-retaliation" policy is not intended to protect a person who is involved in wrongdoing about which he or she is making a report.

If you suspect that you, or someone you know, have been retaliated against for making a report, you should contact the HR Director immediately. You may also call the Anonymous Hotline at 1-866-384-4277 or write to the Company's Audit Committee at the address set forth above. Your complaint should be as detailed as possible, including the names of individuals involved, the names of any witnesses, and any documentary evidence.

All complaints of prohibited retaliation that are reported as described above will be investigated. The Company will promptly undertake and direct an effective, thorough and objective investigation of the retaliation allegations. The investigation will be completed and a determination regarding the alleged retaliation will be made and communicated to the employee who complains and to the person(s) accused of retaliation.

If the Company determines that an individual has suffered adverse action in retaliation for seeking advice, raising a concern or reporting misconduct or participation in a proceeding related to potential misconduct, it will take effective remedial action appropriate to the circumstances. The Company will also take action to deter any future retaliation. If a complaint of unlawful retaliation is substantiated, appropriate disciplinary action, up to and including discharge, will be taken. Whatever action is taken against the person responsible for the retaliation will be communicated to the employee who complained.

## ***17. Compliance Standards and Procedures***

### Interpretation

The Company's CEO is responsible for giving guidance on interpreting and applying the Code when questions arise. Any questions should be addressed in writing to the CEO at the Company's corporate headquarters.

### Audits

Periodically, the Compliance Manager and/or the Corporate Human Resources Department will monitor compliance with the Code. Everyone must cooperate fully with these reviews and provide truthful and accurate information. Results of all such reviews will be reported to appropriate Company management or the Audit Committee.

### Request for Exception

While some standards in the Code require strict application, others do allow exceptions. For example, minor conflicts of interest may be resolved by disclosing the conflict to all interested parties. Executive officers and directors who believe they merit an exception should first contact the CEO or a member of the Audit Committee, and other officers or employees should first contact the CFO or HR Director.

### Non-Exclusivity

While the Code standards are extensive, they are no means exhaustive. Nothing expressed or implied in the Code can represent all the policies and procedures the Company believes its employees, officers and directors should follow.

Remember, if you suspect that a violation of the law or the Code has taken place or may take place, keep the following guidelines in mind:

- ***Make sure you have all the facts.*** In order to reach the right solutions, we must be as fully informed as possible.
- ***Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper?*** This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- ***Clarify your responsibility role.*** In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- ***Discuss the problem with your general manager, the Compliance Manager, Corporate HR Director or an Audit Committee Member.*** This is the basic guidance for all situations. In many cases these individuals will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is their responsibility to help solve problems.
- ***Seek help from Company resources.*** In the rare case where it may not be appropriate to discuss an issue with the CEO, CFO or an Audit Committee member, or where you do not feel comfortable approaching the CEO, CFO or an Audit Committee member with your question, discuss it with the Compliance Manager or Corporate HR Director. If you prefer to write, address your concerns to: the Company's CFO at the company's headquarters or to the Audit Committee at the address shown in Section 14.
- ***You may report ethical violations in confidence and without fear of retaliation.*** If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.

***Always ask first, act later: If you are unsure of what to do in any situation seek guidance before you act.***