

CORPORATE AND MANAGEMENT PRINCIPLES





**Rainer Kurtz, CEO of the
Kurtz Ersä Corporation**

The Kurtz Ersä Corporation is a family enterprise. In 240 years of active company tradition, and through diversification and growth, it has developed into an internationally operating corporation.

In this brochure, you will find fundamental statements related to the values and long-term objectives of Kurtz Ersä. We expect from all employees that they adapt their behavior as well as their actions to conform to the guiding principles stated therein.

The corporate guidelines apply to all companies of the Kurtz Ersä Corporation. They are intended to contribute to a common, uniform appearance both internally and externally. This is an important contribution to ensuring the long-term success of our corporation.

**Rainer Kurtz on behalf
of the management and
shareholder of the
Kurtz Ersä Corporation**

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VISION

Our competitive lead
in technology optimizes
our customers'
production processes.



MISSION

- We are a diversified system supplier for the manufacturing industry.
- We understand our customers' processes and offer excellent service.
- We occupy the leading position in our markets.
- We focus our developments on quality, innovation and cost effectiveness.
- We take a long-term, sustainable and global approach.
- We act locally, straightforwardly and quickly.
- We are a family company with an associated tradition and values.
- We work as a team, respectfully and passionately, to find the best solution.
- We move our joint development forward through open communication.
- We achieve an appropriate return on investment and increase in equity.

OUR MORAL CONCEPTS AND CORPORATE POLICY



Sustainability determines our actions

Even as far back as 1779, our company was sustainable and used water power. We maintain the Schmiedehammer as an industrial monument. In the Kurtz Ersa Corporation, sustainability is a central element of our management system. In this way, we want to contribute to sustainably improved living conditions on our planet earth.

We take the long view

For seven generations, we have been a family-run company. A tradition of this kind brings its own obligations. Backed by centuries of tradition, the family looks far into the future and passes the company on from one generation to the next. But long-term success also requires renewal. All divisions, sites and markets must therefore be and remain future-proof and profitable.

It won't work without capital

The financial stability of our company is important to us, securing our existence and facilitating sustainable growth. For this reason, we strive for an operative return on investment which is in line with our peers.

Growth has to be learned

We always aim for a growth rate above that of the respective market. In doing so, it must always be coordinated within the Kurtz Ersa Corporation and secured for the long term.

Our productivity is the key to success

This is why we consistently strive to increase our productivity. Each individual can be responsible for making a contribution. When our costs rise, our productivity has to rise accordingly.

The quality of our products is what makes us a winner

KurtzErsa products have their own specific quality DNA. The guarantee of this quality makes us a trustworthy partner for our customers. For our product development department, the potential for the improved use of resources is

defined as early as the specifications stage. Quality assurance and quality management are everybody's business. We have ISO 9001 certification.

We offer excellent service

Individual customer care, competent advice, unbureaucratic assistance and the fastest possible problem solving are fundamental to customer satisfaction. We make these possible worldwide, around the clock.





We are flexible and diverse

For an SME, having a diversity of business divisions is a benefit. This diversity allows us to be flexible to changing markets and withstand cyclical variation. But instead of offering a bit of everything, we want to develop a harmonious portfolio. This is why we review our product palette every year and adjust it accordingly.

We do synergy

We exchange our diverse skills among ourselves and thus raise our energy potential.

Meaningful and secure information

The flood of information associated with Work 4.0 requires structure. At Kurtz Ersa, the communication channels are clear and are described in the information manual. Employees are informed personally, on a regular basis, about important operating figures or unusual occurrences. When handling information, we actively heed data protection.

Strategy and planning

The long-term success is based on a strategy, backed up by long-term planning. In the short and medium term, we move within budgetary and action plans, which we adapt to the changed circumstances in the event of significant alterations in the framework conditions.

We know our markets

With the aid of market analyses, we can align our product range to the demands of the market. This allows us to constantly enhance our products and develop new ones.

We communicate openly

Our corporate communication presents our products and services. In addition, you can expect clear and soundly-based declarations on the respective customer benefits.

We develop cutting edge technology for the market

Our market success is based on our technological lead. We aim to be the technological market leader in all product areas. We achieve this leading position by being better, faster and more efficient than our competitors. And also, because our products have a top rating in terms of the cost-value ratio. We meet this target through permanent development work, always oriented towards the market.



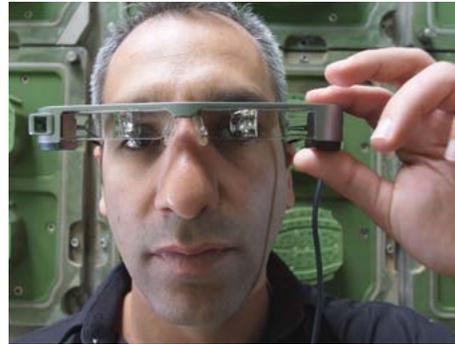


The Kurtz Ersa Corporation is efficiently well-organised

Our management system maps the Group-wide standards for quality, occupational safety, environmental and energy management at all Kurtz Ersa companies. Each company must organize itself in such a way that it meets both internal and external requirements (e.g. ISO Norms). This leads, for example, to the corresponding process, work and inspection instructions.

Delegating responsibility

Responsibility should be delegated where it can be most effectively managed. Therefore, where possible, decision-making should be delegated to the next lower level.



This gives us a large number of employees implementing their own decisions with a high degree of motivation.

We develop together

We deploy our employees in the way which best suits their inclination and aptitude, and train them accordingly. We regularly allow young entrants into the work force to have a look around our workplaces, which permits both sides to find the best possible match of requirements and skills or aptitude. In this way, we communicate ideally with the labour market.

As the ever-accelerating working world also subjects our workplaces to a constant process of change, annual evaluations are carried out in order to ensure that the skills and requirements of the workplace and our employees are still in harmony. Qualification, performance and conduct should always match the requirements of the position. This prevents staff becoming over or under-taxed.





Modern workplaces

State-of-the-art is important to us. Of even greater importance is the work-life balance. We try to accommodate the employee and his current circumstances to the greatest possible extent. As an attractive employer, we offer family-friendly framework conditions.

Safety above all

The existing regulations can only ensure safety at the workplace when everyone keeps their eyes open and contributes to them being observed. Every employee can, may and must point out safety risks when they notice them.

Those responsible must then take action. We are intent on preventing accidents. We are certified with regard to health and safety at the workplace and, regardless of the minimum standards defined by law, want to continue improving.

Our risks are managed

Accidents, attacks, fluctuations in the financial markets, political and social changes are examples of possible risks. They threaten the individuals, the material assets or the entire existence of our company.

Our comprehensive risk management system helps us to find and deal with controlled risks and take suitable measures.

We focus on the individual

At Kurtz Ersa, our work is not all about earning money. Our workplace is more than that. We are part of a family – the Kurtz Ersa corporate family. We respect one another. We help one another, are sincere and take responsibility for the matters concerning us. That's why we at Kurtz Ersa enjoy a harmonious work environment. This climate allows each of us to develop and find our own path to success.

Sharing passionate creativity

We work with a passion and are fast and effective. We observe developments in the markets and always keep an eye on our customers' requirements. We are innovative and creative, and conscious of the use of resources in our actions. Enormous dedication and commitment are our strength. This allows us to share our skills and experience throughout the company, as a team, and foster our joint success. We celebrate our successes and stand shoulder to shoulder in times of crisis.





We are getting better all the time

We live out a regulated process in order to improve specifically and permanently. This is implemented through the “Hammer Innovations Programme” (HIP).

Waste is avoided through cost-conscious actions. Tidiness and cleanliness at the workplace are central. HIP projects and the system of suggestion management for staff contribute to process improvement.

We don't just want to get better, we have to get better. Because our competitors are doing the same, in part under more favourable conditions.



OUR EXTERNAL IMAGE





We are open

In our dealings with the public, we are open and transparent. With the exception of confidential data, we are pleased to provide information. Of course, neither the interests of the company nor personal rights may be infringed upon.

The customer is central

Our business relationships are designed to last and should benefit both us and our customers. Therefore we communicate openly and in a trusting fashion with our customers, whether the news is good or bad.

When an employee has customer contact, he embodies the Kurtz Ersa Corporation at that moment, which is why his appearance and manner must be in harmony with our values. He conducts himself in a way which is orderly, friendly, open and respectful.

Our staff responds quickly, helpfully and competently to the wishes of our customers. This is not just the case when a deal is in the offing, but applies across the board, and is also reflected in our interaction with potential customers.

The supplier is our partner

We maintain an open and partnership-based relationship with our suppliers, geared to the long term. Price negotiations are focussed and consistent – but always open, professional and fair.

When determining potential savings, all the areas of the Kurtz Ersa Corporation work together, across the board. And we expect all this of our suppliers too.

Kurtz Ersa shoulders responsibility

The Kurtz Ersa Corporation is committed to the internationally-recognized human rights and employee rights. Each individual experiences the same respect from the Kurtz Ersa Corporation, regardless of nationality, ethnic origins and religion or philosophy, handicap, age, sexual orientation and identity. We condemn child labour and forced labour.

We live out such values as freedom of association and equal opportunities. Corruption is not tolerated in the Kurtz Ersa Corporation. Corrupt conduct, be it passive or active, is not only unacceptable, it is punished.

We get involved

Kurtz Ersa fosters social, cultural and sporting projects, particularly in the regions, in which our employees are at home.

OUR INTERNAL COOPERATION





We are an SME

And this is how things should remain. Every single company in the Kurtz Ersä Corporation retains its independent organisation. This directs competences and information channels.

Taking independent decisions

Only those decisions which directly affect corporate interests need to be agreed with the group. Otherwise, the Kurtz Ersä companies make their own decisions. Of course, decisions which are to apply to a number of companies must be jointly agreed with these and the group's management. On the other hand, the decision which is of far-reaching significance of a company is not to be taken by the management alone.

A team of competent staff members is to be involved in the decision-making process. Once a decision has been taken, it must be clearly communicated and supported and consistently implemented by all concerned.

We are a team in the Group

All the employees of the Kurtz Ersä Corporation are colleagues. Within the team, our conduct towards one another is direct, open and respectful. Direct cooperation cannot be disrupted by referring to hierarchies. Employees' wishes, ideas and suggestions from other companies in the Kurtz Ersä Corporation should be treated with the same attention as if they came from one's own colleagues.

Of course instructions can only be issued by the direct supervisor, even if he is lower down the hierarchy than the colleague from the sister companies.

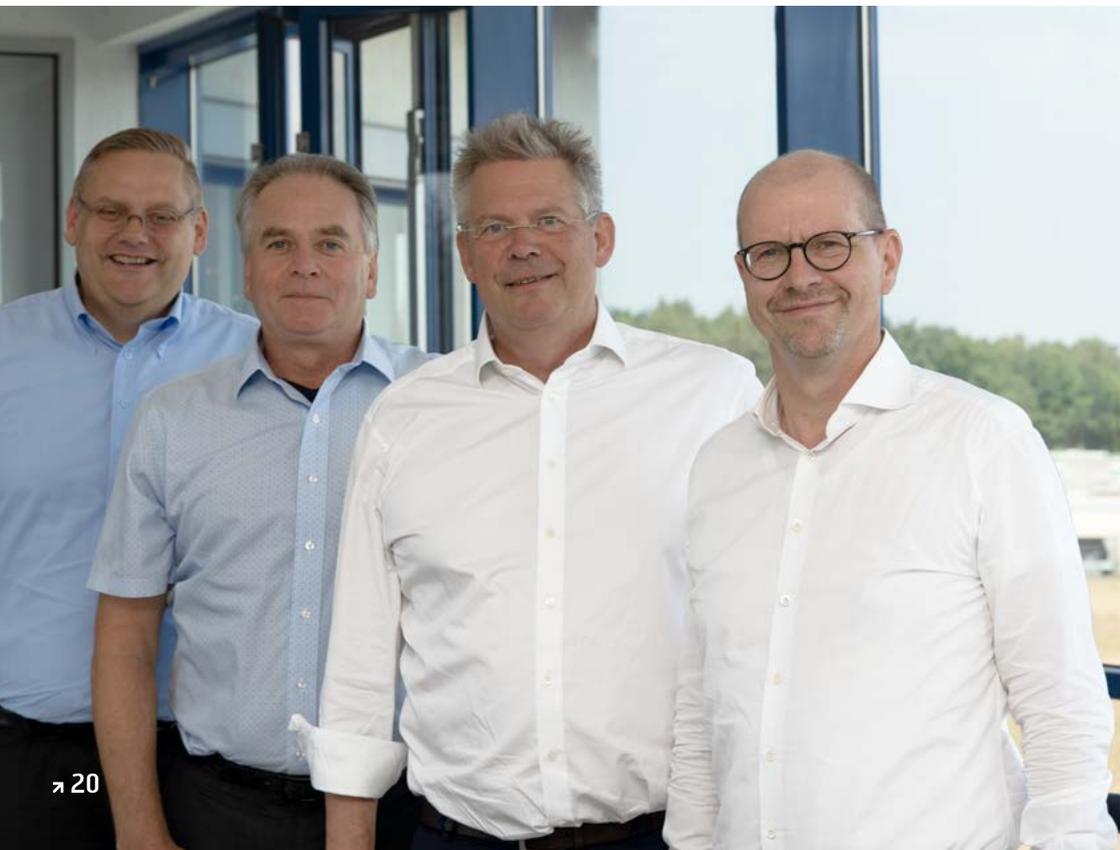
The management is there for the company and the staff

The executives should manage the Kurtz Erska Company in trust. Even the owner-managers are bound first and foremost to the corporate principles. The position of shareholder comes in second place.

Solely or jointly, they bear responsibility for the relevant company. And they are figures of integration within their

own company and in the overall Kurtz Erska Corporation.

The management communicates openly with the staff. Not only with those reporting to us directly, but with the largest possible circle of employees. Of course instructions issued by the management have to be complied with. However, each individual can, should and may express constructive criticism.





The manager as a role model

We expect exemplary social conduct, positive and inspiring leadership qualities and professional leadership skills from our management staff.

Our executives best convey our values by living according to the management principles.

We are a family

For us, this includes our pensioners and our apprentices. The staff family is therefore larger than in other companies. This is a conscious choice. Because we are a family company and our company family does not end at the gates of our workshops.



Every employee counts

No matter what position they occupy – every employee in our company is important. Conversely, everyone must think for oneself at his workplace. In this way everyone can actively contribute to ensuring that we constantly improve. This is based on solid training, professional advancement and promotion opportunities. We create the environment in which creativity and dedication to the company are possible. Individuality, however, must always harmonise with the team spirit. Only by pulling together can keep Kurtz Erska at the top. We pursue this aim, not with dogged determination but with a positive team effort.

Family ties never end

Those who work at Kurtz Erska should be happy to do so. The sense of belonging to the corporate family does not simply end at the time of retirement from working life. That's why we remain in touch with our "retirees". And hope that this is not a one-way street but that our former colleagues continue to take in interest in the Kurtz Erska Corporation and remain involved.





The future is our apprentices

We have made it our business to train young people. Here too, we all must work together. Help and support, everywhere and at any time: encouraging them to find their own style, advising them by passing on experience, standing by them and being willing to listen.

A word about staff fluctuation

Fluctuation cannot always be prevented with our measures. In addition to influences from outside our company, there are also internal reasons. An employee's dissatisfaction with his situation in the company. Or breaches of our "rules".

As we cannot adapt our corporate values to suit each individual, we allow employees who cannot harmonise their personal aims with ours to take their leave. Happily, these are exceptions. Loyalty and dedication to Kurtz Ersä is the rule.

The performance of our staff is measured and rewarded. As an expression of our appreciation and as a way of retaining staff. We expect loyalty to our company objectives. Processes which conflict with these have to be adapted. However, they first must be recognised. Everyone is called upon to cooperate. Together, we can keep the fluctuation rate as low as possible.

MANAGERIAL PRINCIPLES, CONDUCT AND RESULTS





MANAGEMENT VALUES

- **ROLE MODEL**
I live out our values and ensure that they are observed.
- **CLOSENESS**
I look for personal contact to my staff.
- **OPENNESS**
I am open and honest.
- **DIVERSITY**
I live out our diversity. All ethnicities and genders are treated equally.
- **TEAM SPIRIT**
I create a positive climate and promote solidarity.
- **RESPECT**
I respect each individual employee.
- **FAIRNESS**
I am kind, fair and loyal.
- **HELP**
I am understanding, helpful and open for criticism.

MANAGEMENT SKILLS

- I am caring and responsible.
- I am reliable and consistent.
- I am resilient and support my staff.
In this context I look after my own health and that of my staff. An appropriate work-life balance is important to me.
- I encourage and inspire my staff.
I motivate them to provide top performance and support their development – professionally and personally.
- Praise is not a luxury.
I appreciate the performance of my staff with praise and recognition.
- I communicate openly, professionally and without delay.
- I set clear, prioritised targets and monitor their consistent pursuit. When deviations occur, I act quickly and implement corrections.
- I make decisions without delay, communicate them clearly and implement them in a focussed manner. I actively involve my staff in the decision-making process.

MANAGEMENT TECHNIQUES

ORGANISATION AND DELEGATION OF RESPONSIBILITY

- I define clear assignments.
- Employees receive as much responsibility and decision-making freedom as possible.
- Clarity is important at the interface with various areas of responsibility. Should no clear demarcation be possible, I will inform my supervisor without delay.

AIM / ACHIEVEMENT

- I keep my eye on my areas of responsibility – systematically and continually.
- I solve conflict fairly and without delay.
- I constantly develop my management system further.

OPERATIVE MANAGEMENT

- The decisions taken with the greatest-possible involvement of the staff must be supported by all involved. I ensure that this is the case.
- I provide feedback on their performance to my staff members either immediately or at regular intervals.
- My staff should know how to conduct themselves. I help them to act confidently as the situation requires.

RESULTS OF LEADERSHIP

- We enjoy our successes together.

Production needs us.

Kurtz Ersa Corporation

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