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PREFACE



Dear fellow employee,

The remarkable success of Koch and its employees has always been rooted in proven principles of human progress. The better we have understood and applied these principles, the more we have prospered by benefitting others. This has been true for nearly 60 years and our future success depends on continuing to improve our ability to do so through the application of our framework – Principle Based Management™.

The Koch Code of Conduct is an important way for us to communicate these principles to you and to our partners, and to help you make decisions that are consistent with laws, regulations, internal standards and our principles. As such, the Code is here to provide you with guidance and insight as you work through situations in your role. The Code also provides guidance on when and how to elevate questions and concerns.

We expect every employee, regardless of role or experience, to live by Our Values and apply Principle Based Management. Whether you have been with Koch for days or decades, learning and improving your personal application of Principle Based Management is your responsibility. Reading, understanding and acting in harmony with the Code of Conduct is a key part of supporting our culture and an expectation for everyone at Koch, regardless of their title or position.

We encourage you to talk with your supervisor about any questions or concerns you may have about the Code of Conduct and how it applies to you and your role. Remember - stop, think and ask.

Thank you,

Charles Koch

Chairman and Co-CEO

Dave Robertson

Vice Chairman and Co-CEO



OUR VALUES

Our Values

Of all the proven principles of human progress, these eight are the foundational values of our culture and thus are among the most important for all of us to exemplify daily. They are an essential aspect of our Virtue and Talents dimension. They define who we are as an organization and are necessary for the long-term success of Koch and each of us.

1 Integrity Have the courage to always act with integrity.

2 Stewardship & Compliance Act with proper regard for the rights of others, especially regarding safety and the environment. Comply with all laws and regulations. Stop, think and ask.

3 Principled Entrepreneurship™ Create virtuous cycles of mutual benefit by becoming a preferred partner of customers, employees, suppliers, communities and other core constituencies. Continually seek to identify and close the gaps between what you are and what you could be accomplishing if you were fully applying Principle Based Management™.

4 Transformation Transform yourself and help the company and others to do the same. Develop the visions, strategies, capabilities, products and services that will enable us to satisfy unmet needs and create superior value.

5 Knowledge Seek and acquire the best knowledge from any and all sources that will enable you to innovate and improve results. Share your knowledge proactively. Provide and solicit challenge consistently and respectfully.

6 Humility Be humble, intellectually honest and deal with reality constructively. Develop an accurate sense of self-worth based on your strengths, limitations and contributions. Hold yourself and others accountable to these standards.

7 Respect Treat everyone with honesty, dignity, respect and sensitivity. Include and embrace different perspectives, experiences, aptitudes, knowledge and skills in order to leverage the power of diversity.

8 Self-Actualize Be all you can be. Identify, develop and apply your gifts and passions so you can best contribute in ways that are most meaningful to you. Be a lifelong learner.



INTRODUCTION

Our company is committed to conducting all affairs lawfully and always acting with integrity. This commitment extends throughout our global organization, no matter where in the world we do business. Our employees have a responsibility and are expected to hold themselves to the highest legal and ethical standards. This commitment to integrity and lawfulness requires sound judgment, critical thinking and the courage to do the right thing, even if that means the loss of a business opportunity.

Our company measures itself not only by the results we achieve, but by how we achieve them. Following procedures, which are important and necessary, is not the end goal. Rather, we must always focus on improving our compliance results. Therefore, integrity must be a part of every decision we make, and the decisions we make must reflect a commitment to compliance with applicable laws and regulations.

All employees, directors and officers are expected to be familiar with this Code of Conduct (Code) and adhere to it. Except where applicable provisions of this Code are superseded by local laws or legal obligations, a violation of the Code may constitute just cause for disciplinary action, up to and including termination. Employees who violate this Code may also be subject to civil and/or criminal action, pursuant to any local, state or federal laws of any country in which the company conducts business.

This version of the Code supersedes all prior versions. It is an expectation of employment with the company that you are familiar with and adhere to this updated Code.

"By being principle based, empowering employees, becoming a preferred partner and continually transforming, we create virtuous cycles of mutual benefit. These not only maximize our contributions to others, and our results, they create opportunities for individual growth." —Charles Koch

How the Code Applies

This Code is intended to be consistent with all applicable laws and legal obligations, including those under collective bargaining (trade union) agreements. In the event of any inconsistency between this Code and any applicable law or collective bargaining agreement provision, we will comply first with the law or agreement.

For business locations outside the United States (U.S.), we will adhere to U.S. laws that have extraterritorial application and all laws of the host country. If you believe there are any inconsistencies between the Code and the laws of any host country, consult with Legal.

In addition to this Code, it is your responsibility to seek further information regarding the laws, standards, policies, procedures, practices, guidelines and work rules that may be applicable to your role.

This Code does not constitute a contract of employment or an assurance of continued employment for any individual.

Responsibilities as Employees

This Code is an important part of our company's overall compliance and ethics program. It is a foundational tool for when you have questions or face dilemmas and where the right choice is not clear. However, the Code cannot cover every possible situation, nor can it specifically address all of the applicable laws at each of our locations. We expect and welcome questions about this Code, its interpretation or the law.

You are never authorized to act illegally or unethically, even when doing so may seem to be in the best interest of the company or if a supervisor or any other employee has directed you to do so.

Every employee has the responsibility to:

- Always act in accordance with applicable laws, this Code, our Framework and other company standards, policies, procedures, practices, guidelines and work rules.
- Avoid any activity that might have the appearance of being illegal or unethical.
- Seek a full understanding of compliance requirements, risks and key controls that apply to your role. No one is expected to know every policy or standard word for word, but you should understand the policies and standards that apply to your role.
- When you have questions, seek assistance from the many resources that are available to you. Promptly report potential or actual violations of a law, company policy or standard, or any request to violate a law, company policy or standard.
- Promptly report any issue that you believe has not been appropriately resolved, even if it means raising it with another available resource.
- Cooperate completely and honestly with company investigations.

Retaliation, retribution or harassment against any employee who, in good faith, asks any question or raises any concern regarding ethical behavior or compliance responsibilities is against company policy and is prohibited.

Responsibilities as Leaders

Leaders have additional responsibilities to:

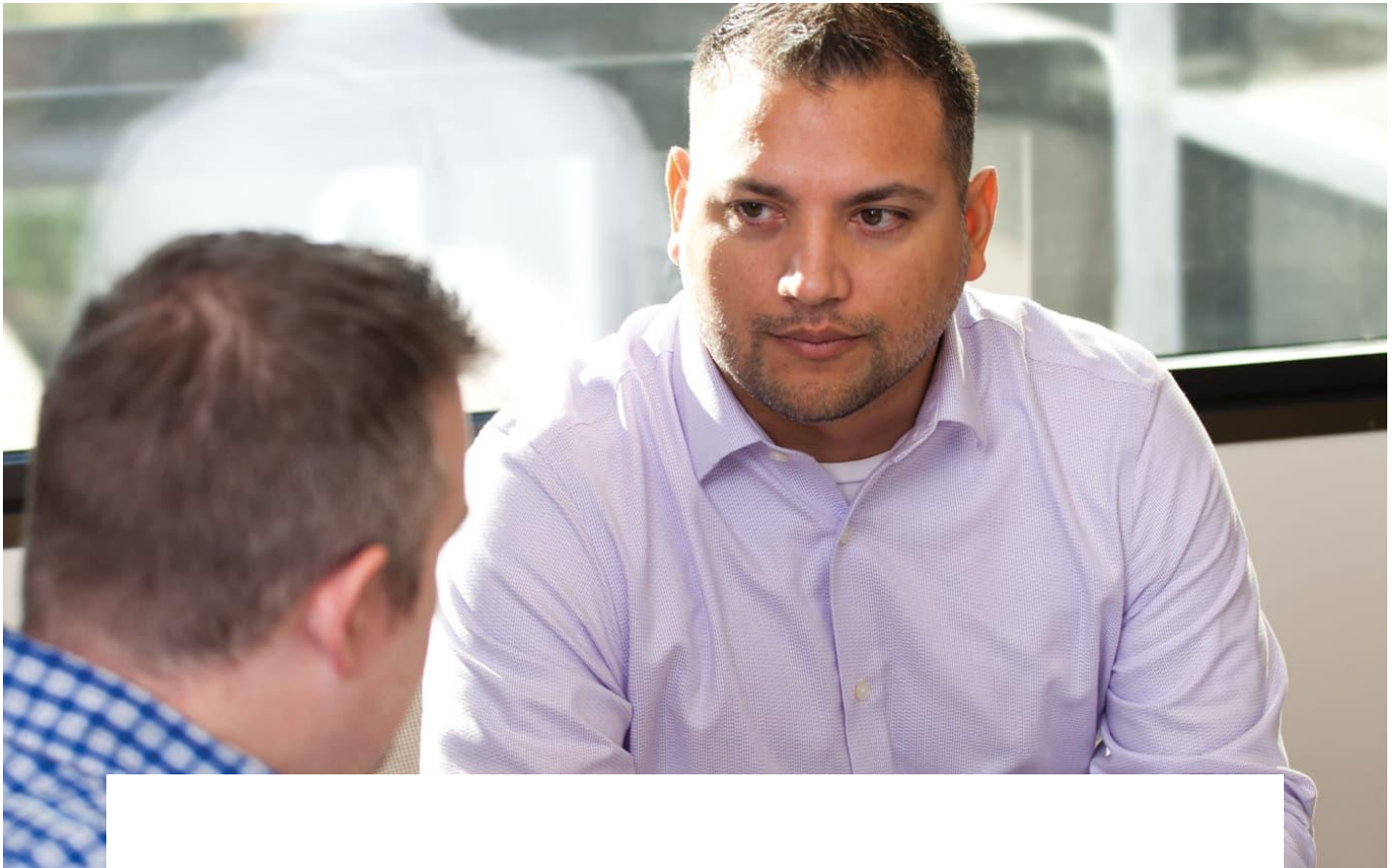
- Lead by example and behave as a model for all employees.
- Provide education and tools that promote employee understanding and compliance.
- Create an ethical culture that promotes compliance, encourages employees to raise their questions and concerns, and prohibits retaliation.
- Promptly address employee concerns of wrongdoing.
- Evaluate and, as appropriate, recognize and reward employees who adhere to and promote legal compliance and ethical behavior.



CHAPTER 1

Asking Questions, Raising Concerns and Getting Guidance

We have a clear responsibility and must have the courage to ask questions and raise concerns about compliance or ethical behavior. When you know of, or suspect, a possible violation, you have a responsibility to report, in good faith, that information to your supervisor. If, for any reason, you feel uncomfortable reporting issues to your supervisor, or if you believe your supervisor has not appropriately addressed an issue, you have other options. If you are uncertain whether your own conduct is proper, ask for help from any of the options available to you.



"Our challenge process depends on a willingness to respectfully engage in open, honest and objective debate. Each of us must challenge the status quo and humbly consider any challenges to our own beliefs, proposals and actions. This applies as much to challengers as those being challenged." —Charles Koch

Options for Asking Questions, Raising Concerns and Getting Guidance

- Your immediate supervisor
- Any member of management
- Any local or corporate human resources leader
- Any compliance and ethics resource
- Any lawyer in Legal
- Contacting the **GuideLine**

You may report your concern online by visiting www.mykochguideline.com. International toll-free phone numbers are displayed once you have selected your Koch company and country location, if you prefer to contact the GuideLine by phone. Posters with international toll-free GuideLine numbers may also be posted in your workplace.

The GuideLine is operated confidentially by an independent third-party. It is available 24 hours a day, 7 days a week, to respond to your questions and concerns (anonymously, if you choose and as allowed by local law). It also offers multilingual services. The GuideLine specialists notify the Compliance & Ethics department, which will assess and determine appropriate action.

The GuideLine appropriately addresses the use, retention, transfer, disclosure and protection of any personally identifiable information contained within, including responsible and lawful collection and disposal.

Questions & Answers

Does management really expect adherence to the Code if that would mean losing business or reducing profitability?

Yes. Stewardship should drive proper decision making. Our Values of Integrity and Stewardship & Compliance are key to our success.

What should I do if my supervisor asks me to do something that I think violates the Code or a company policy, or may be illegal?

Regardless of who asks you, never do anything illegal. If you believe something you have been asked to do violates the Code or company policy, you must “stop, think and ask” before you act. If your concern is not appropriately addressed, you must report your concern to one of the many options available to you.

No-retaliation Policy

Retaliation, retribution or harassment against any employee who, in good faith, asks any question or raises any concern regarding ethical behavior or compliance responsibilities is against company policy and is prohibited. "Good faith" does not mean that a reported concern must be correct, but it does require that you believe you are providing complete and truthful information when you report a concern or ask a question.

Questions & Answers

Will I get into trouble if I call the GuideLine or inform management about an ethics issue and it turns out to be wrong?

No. As long as you honestly have a good faith concern, our policy prohibits you from being retaliated against for simply raising your concern. Retaliation in any form is a violation of our policy. We expect you to voice concerns and questions about compliance and ethics issues using the many options available to you.

All employees should practice respect and integrity at all times, whether they are reporting someone else or are the subject of a report themselves. If you feel you are being retaliated against, you must contact one of the options available to you.

I reported an ethics issue and a short time after reporting the issue I was reassigned to a new work area. I believe I am being retaliated against. What should I do?

If you believe you are being retaliated against, you must report it to your supervisor or report your concern to one of the many options available to you.

Internal Investigation of Reports

The company is committed to identifying and correcting wrongdoing wherever it may occur. All reported concerns will be promptly assessed and a determination made regarding the appropriate level of investigation and response. All employees are expected to cooperate fully with investigative efforts. This includes always giving truthful, accurate and complete answers, even if those answers are uncomfortable or create more questions. Investigations must be conducted by a resource suited to investigate the concern, appropriately considering the need for independence and impartiality. To the extent possible, the company will maintain confidentiality consistent with our legal and ethical responsibilities.

Corrective Action and Employee Discipline

Any employee who violates the law, the Code, or other company policies, standards or work rules will be subject to appropriate disciplinary action, up to and including termination, consistent with any applicable law, employment contract or bargaining agreement.

The specific disciplinary action will depend on a number of factors, including, but not limited to:

- The nature, severity and frequency of the violation.
- The degree of knowledge and responsibility regarding the violation and the effect of the behavior on others, both inside and outside the company.
- An employee's degree of direct involvement.
- An employee's voluntary self-reporting of a violation and acceptance of their responsibility.
- An employee's history, including performance-related factors.

Making Decisions with Integrity

It is not always easy to determine the ethical or "right" thing to do in a particular business or work situation. Sometimes a law or policy clearly dictates the outcome, but often a situation will require interpretation to decide a fair and reasonable course of action.

Thinking through a situation alone may not result in the same quality of decision-making as when we seek the knowledge of others. The engagement of other knowledgeable resources in the decision-making process increases the likelihood that all the facts and alternatives are considered.

When making decisions, ask:

- Are there other resources that could contribute?
- Is it consistent with this Code and our Values?
- Is it the right thing to do?

There are resources available to you to assist in resolving issues. You can ask your supervisor, any member of management, any local or corporate human resources leader, any compliance and ethics resource, or any lawyer in Legal.

Questions & Answers

How do I know when I need to get help?

Remember to “stop, think and ask.” Consider the following: Are your actions making you feel uneasy? Is your information correct and current? Are you rationalizing your actions? Are you saying to yourself, “Everybody does it”? How would your actions be perceived by others?

Any discomfort should cause you to stop, step back, consider what you are doing, get advice and, if appropriate, redirect your actions so you are sure that you are doing the right thing.

Seven Element Risk Management System

The company has implemented systematic programs to help ensure that business activities are conducted lawfully and with integrity.

These programs typically address the following elements:

- Leadership and management commitment
- Employee ownership
- Compliance and risk assessment
- Compliance and risk management
- Communications and training
- Change management
- Continuous improvement

There may also be Koch company specific standards, policies, procedures, practices, guidelines, work rules and other tools to govern your behavior and particular types of activities. If you have questions about them, contact your supervisor or your compliance and ethics resource for more information regarding the risk management system and other programs or tools that have been implemented in your Koch company.

Audit and Assurance

The company is committed to assuring proactive compliance with the law, our Values, the Code, company standards, policies, procedures, practices, guidelines and work rules. Audits and assessments are used to verify compliance, improve overall risk management, identify opportunities for improvement and educate employees. All of us must fully embrace audit activities and take appropriate corrective action. We are expected to give accurate and complete answers, even if those answers make us feel uncomfortable or create more questions.

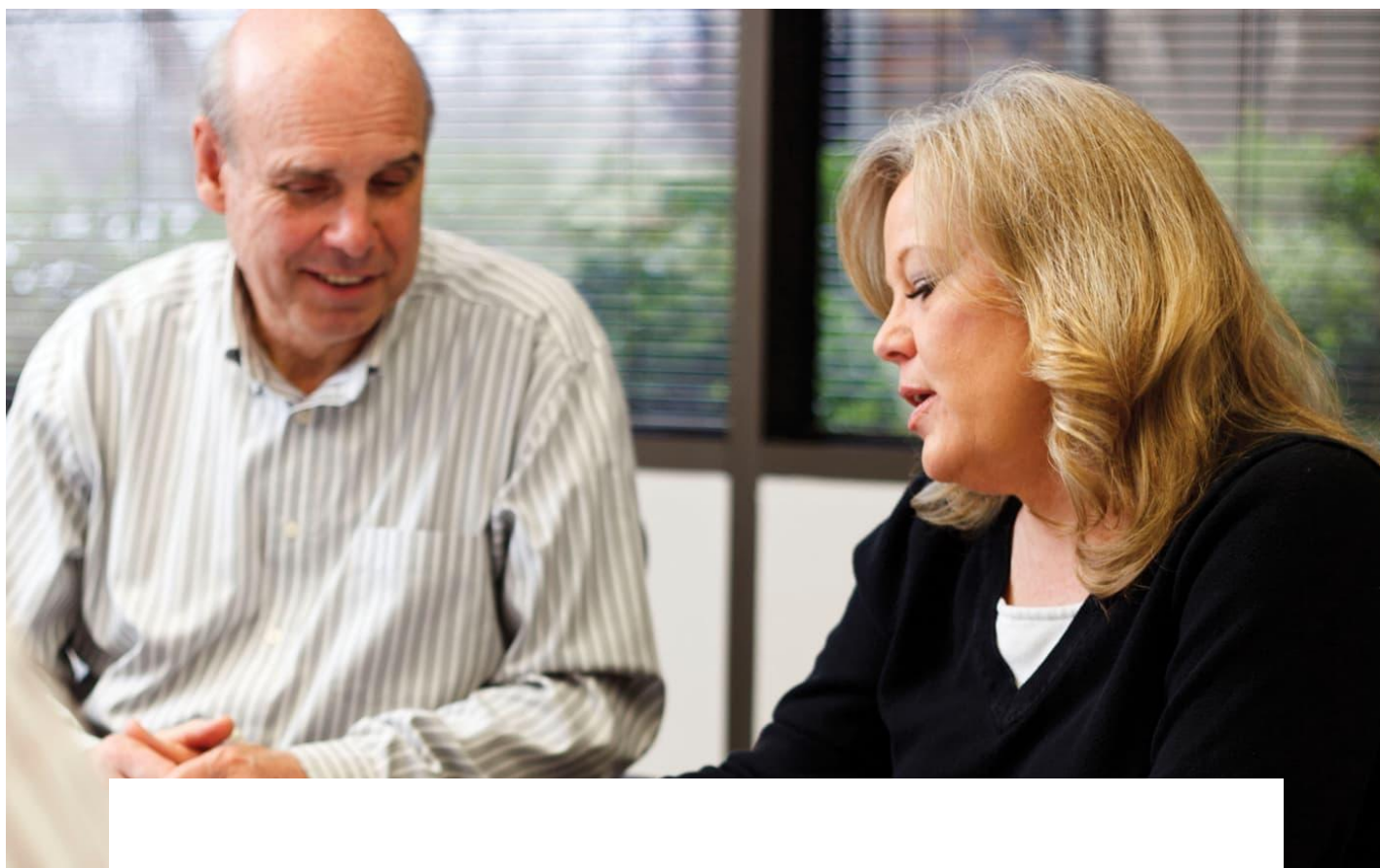


CHAPTER 2

Respect for Others

Our success requires us to utilize everyone's skills and knowledge to the fullest, without unlawful discrimination or harassment. Consistent with our Values, we are committed to providing a respectful workplace where all are treated with dignity, respect, honesty and sensitivity. The company appreciates the value of diversity. To deny someone's contribution to the company because of unlawful discrimination or harassment would be an injustice not only to the individual, but to the company as well, and will not be tolerated.

In some countries where we operate, local law establishes specific requirements for policies that prohibit discrimination and harassment. Contact your local human resources leader with any questions regarding specific policies that apply to you.



"For businesses to make the greatest contribution to society, we must treat others with honesty, dignity, respect and sensitivity, and appreciate the value of diversity. Giving honest feedback is critical, because not giving it usually leads to a bad outcome for the individual, thus failing the test of respect. Unlawful and illegitimate discrimination and harassment are violations of all these requirements and will not be tolerated." —Charles Koch

Non-discrimination

Consistent with our Values, it is good business and sound philosophy to recognize and treat employees with honesty, dignity, respect and sensitivity. We will grant equal opportunity in all aspects of employment to all persons without unlawful discrimination.

Unlawful discrimination will not be tolerated.

The company prohibits unlawful discrimination on any protected basis under applicable law, including, but not limited to: color, race, religion, gender or gender identity, sexual orientation, national origin, citizenship, ethnicity, age, disability, pregnancy, veteran status, genetic information, or other legally protected factors.

If you believe you have been discriminated against, have observed unlawful discrimination, have knowledge or someone confides in you that a coworker believes that he or she has been discriminated against, ***you must contact any of the following:*** your immediate supervisor, any member of management, any local or corporate human resources leader, any compliance and ethics resource, any lawyer in Legal or the Guideline.

Prohibited Harassment

Unlawful harassment will not be tolerated.

The company is committed to providing a work environment free of unlawful harassment. Company policy prohibits harassment based on color, race, religion, gender or gender identity, sexual orientation, national origin, citizenship, ethnicity, age, disability, pregnancy, veteran status, genetic information, or other legally protected factors. Harassment includes any verbal or other conduct that is offensive, bullying, intimidating or disparaging to any individual or group and is based on that individual's inclusion in a legally protected group. The company also prohibits unlawful harassment based on the perception that an individual is a member of such a group, or is associated with an individual who is or is perceived to be a member of a protected group. All such harassment is unlawful. The company's policy prohibiting harassment applies to all persons involved in the operation of the company and prohibits unlawful harassment, whether directed to employees, applicants for employment, or other people we do business with, such as outside vendors, contractors or customers.

Conduct that is prohibited includes, but is not limited to, the following behaviors:

- Verbal conduct such as epithets; slurs; derogatory and/or sexually-oriented jokes or comments; discussion or inquiries about one's own or someone else's sexual activities; or unwelcome sexual advances, propositions, flirtations, invitations or comments.
- Visual displays such as derogatory and/or sexually-oriented posters, photographs, pornographic displays, cartoons, drawings or symbols.
- Dissemination of derogatory and/or sexually-oriented voice mail, email, graphics, downloaded material or websites.
- Unwelcome touching of a sexual nature, gestures, intentional blocking of normal movement or interfering with work, or other conduct directed toward a person due to their gender, race or any other protected basis.

- Threats or demands to submit to sexual requests as a condition of continued employment or to avoid some other loss, and offers of employment benefits in return for sexual favors.

The use of any media, including phones, email, instant messaging or the Internet, for the purpose of unlawful harassment, will not be tolerated.

Expectations of Employees

Every employee is required to abide by our policy against unlawful discrimination and prohibited harassment and to bring to the company's attention any action that does not comply with that policy or our commitment to equal employment opportunity. Supervisors and managers must be watchful for any signs that our policy is not being followed and must report any possible violations even if there has been no complaint. The company will investigate and respond to all reports of unlawful discrimination or prohibited harassment.

If you believe you have been subjected to discriminatory or harassing behavior, you observe such conduct, have knowledge or someone confides in you that he or she believes they have been subjected to such behavior, you must contact any of the following: your immediate supervisor, any member of management, any local or corporate human resources leader, any compliance and ethics resource, any lawyer in Legal or the GuideLine. Retaliation against anyone for reporting unlawful discrimination or prohibited harassment in good faith is against company policy and is prohibited.

Questions & Answers

One of my coworkers has a habit of telling jokes that offend me and others. Another coworker is sending inappropriate email. How can I get this to stop?

The company promotes a respectful workplace. Our Value of Respect, states that all company employees are to treat others with honesty, dignity, respect and sensitivity.

If a coworker is engaging in conduct that may be offensive or causes others discomfort, you should approach the employee directly and ask him or her to stop. If you do not feel comfortable addressing this issue with the particular individual, you must report this behavior using one of the many options available to you.

I have noticed some offensive graffiti in my work area and sometimes overhear some of my coworkers using racial slurs. Their conduct is not directed at me, but I feel like I should say something. I'm afraid they will take it out on me if I say anything. What should I do?

You are obligated under our Non-discrimination and Prohibited Harassment policy to report what you have seen and heard, even if you are not the target or victim. If you are uncomfortable speaking to anyone locally, contact one of the many options available to you.

A supervisor at my location tends to criticize her employee's performance in public settings. Her behavior often includes yelling at or belittling the employee in front of others. I find it offensive and it seems my coworker is quite embarrassed, but what business is it of mine?

Our Value of Respect, states that all company employees are to treat others with honesty, dignity, respect and sensitivity. No employee should be subjected to disrespectful or belittling behavior such as yelling, screaming or using profanity. While this may not be illegal or unlawful, this behavior is inconsistent with our Values. If an employee is engaging in conduct that is disrespectful or belittling you should approach the employee directly, if you feel comfortable doing so, and ask him or her to stop. If you do not feel comfortable addressing the issue directly with the individual, you must report this behavior using one of the many options available to you.

Commitment to Lawful Employment Practices

Our companies strive to make people's lives better through the products we make, support for the communities in which we live and work, maintaining quality work environments, and sourcing responsibly. We are committed to adhering to applicable employment and labor laws everywhere we operate. This includes observing those laws that pertain to child labor, forced labor, human trafficking, wages and work hours and freedom of association. In addition to other expectations contained in this Code, our commitment to social responsibility specifically includes the following:

Child Labor

The company will not employ underage individuals as defined by applicable child labor laws. Employees will not be permitted to work in a position where they are younger than the minimum legal age for employment in that job.

Forced Labor

The company does not support the use of forced labor or involuntary prison labor. Recruiting and selection activities are conducted in compliance with applicable law and any applicable collective bargaining obligations.

Wages and Work Hours

The company is committed to meeting all minimum wage obligations and collective bargaining agreements regarding maximum hours, minimum wage, overtime work and the payment of overtime compensation.

The company:

- Recognizes an employee's right to breaks and meal periods required by applicable law or collective bargaining agreement and the company will pay for those breaks wherever required by law.
- Will provide to employees all periods of leave to which they are entitled under applicable law.
- Will provide employees with all benefits to which they are entitled under applicable law.

Freedom of Association

The company complies with applicable laws related to an employee's choice to join, or refrain from joining, any legally sanctioned association or organization.

Prohibited Substances

We are committed to providing a safe workplace that is free from the use of prohibited substances, including drugs and alcohol. The abuse of alcohol, the use of illegal drugs or the misuse of prescription drugs or other controlled substances has the potential to affect our safety, attendance, productivity, attitude, reliability and much more.

We strictly enforce, consistent with local law and collective bargaining agreement provisions, the following:

- You may not be under the influence of alcohol, illegal drugs or misuse prescription drugs while performing your work responsibilities.
- You may not unlawfully manufacture, distribute, sell or possess alcohol, drugs or other controlled substances while performing your work responsibilities.
- If you are employed in a safety-sensitive role or are required to operate machinery or a motorized vehicle (including a rental car) in the course of your employment, you must notify the company of an alcohol or drug conviction no later than five days after conviction. In some locations where we operate, such reporting may be prohibited by local law. Contact your local human resources leader if you have any questions regarding the applicability of this provision at your location.
- Alcohol may not be consumed on property owned, leased or occupied by the company. Exceptions may be appropriate in limited circumstances and are permitted only when the pre-approval requirements of your Koch company have been met.

The company will exercise appropriate steps to ensure compliance with this policy, including testing of applicants and employees as allowed by applicable law and collective bargaining agreement provisions.

Questions & Answers

Is it acceptable to consume alcoholic beverages when on company business, such as entertaining a customer at a business dinner or participating in a company-sponsored event?

Use good judgment and obey all relevant laws. These laws include not driving while under the influence and not serving alcohol to minors. Please consider, however, that if you consume alcoholic beverages and return to your workplace and the company has reasonable suspicion that you are under the influence of alcohol, you may be asked to submit to testing and may be subject to disciplinary action, up to and including termination.

Workplace Non-violence

We are committed to an environment free from violence, intimidation and other disruptive behavior. Bullying, violence, threats, harassment, intimidation and other disruptive behavior will not be tolerated. Such behavior can include oral or written statements, gestures or expressions that communicate a direct or indirect threat of physical harm.

Your cooperation is essential to effectively maintain this policy and to help maintain a safe working environment. Do not ignore violent, threatening, harassing, intimidating or other disruptive behavior.

All reports of such incidents are taken seriously, assessed and dealt with appropriately. If you observe or experience such behavior by anyone — whether an employee, contractor, customer or visitor — on premises owned, leased or occupied by the company, report it immediately to one of the many resources available to you.

Threats or assaults requiring immediate attention should be reported to your supervisor, human resources or security contact or to the police.

Prohibition of Weapons

The company prohibits employees from bringing any firearm or other weapon, to include, but not limited to ammunition and explosives, on any property owned, leased or occupied by the company. You are also prohibited from personally carrying or transporting any weapon in your own vehicle while on company business or when using company paid transportation, such as company-owned or leased vehicles.

Exceptions to this policy will be permitted only with the prior written approval of your business leader and compliance and ethics resource or as allowed by applicable laws. Authorized weapons must be appropriately secured from theft, misuse and accidental discharge, and must be handled in compliance with applicable laws.

This policy does not apply to law enforcement officers, government or military authorities or their agents acting in their official capacities. Instruments such as knives or other cutting instruments required, approved, or provided by the company in accordance with job assignments do not apply to this policy.

Questions & Answers

Are mace and pepper spray considered weapons?

Mace and pepper spray are primarily defensive devices and are not prohibited by the company. If you feel unsafe at the workplace, you are obligated to raise the concern through one of the many options available to you.

Searches

The company maintains the right, to the extent allowed by local law, to carry out searches and examine persons or their property when on property owned, leased or occupied by the company. Such searches may be performed without notice. This right includes, but is not limited to, the right to search and examine all equipment, offices, furniture, computers, lockers, personal items, vehicles, containers, briefcases, backpacks, purses and pockets. Any illegal, unauthorized, misappropriated or prohibited items may be seized by the company, if allowed by applicable law and/or reported to the proper authorities.

Privacy and Data Protection

The company is committed to compliance with all applicable privacy and data protection laws in all countries in which we operate. This commitment reflects the importance we place on earning and keeping the trust of our employees, customers, suppliers, consumers and other individuals when we are in the possession of their personal data.

The definition of personal data varies by jurisdiction. Information or a combination of data that identifies a unique individual, such as name, personnel number, address, date of birth or other identifiers may be personal data. Personal data must be safeguarded from loss or theft and inappropriate use or collection. If you manage personal data as a part of your role for the company, make sure you take steps to appropriately secure it and limit access to such information only to those who have a legitimate business need.

Your Koch company's Privacy Policy and Employee Privacy Notice provide further information regarding our practices to protect personal data, such as notice, use, access, retention, choice, collection, transfer, security and data integrity of personal data. If you suspect that personal data has been used, altered or disclosed inappropriately, or that a breach of personal data may have occurred, you must report your concern to one of the many options available to you.



CHAPTER 3

Proper Use of Assets and Ideas



"Someone once asked how much I was paid in royalties for my book, 'The Science of Success.' I explained that, since the book was written on company time using company assets and resources, all royalties were paid to the company, not me. No one is exempt from our rules in this regard." —Charles Koch

Careful Communication

All communications must be prepared responsibly and with consideration for the intended business purpose. Communications must also be in full accord with our Values and this Code.

In all communications, it is important to tell the truth and to avoid exaggeration, speculation, inappropriate language and derogatory remarks or characterizations. This applies to communications of all kinds, whether written or verbal, and includes phone conversations, emails, instant messages, voice mail, daily planner notes and other “informal” notes or memos.

Consider the following:

- Determine the best method to communicate. Would a phone call or in-person meeting be better?
- Clearly state the purpose of the communication. Stick to the point.
- Is the content factual? Do not include language or present information in a manner that may be perceived as offensive, inflammatory, harassing or otherwise inappropriate.
- Do not speculate on outcomes, conclusions or scenarios unless there is a clear business need to do so.
- Do not make legal conclusions unless you are qualified to do so. Assert attorney-client privilege only as directed by an attorney or when seeking an attorney’s legal advice.
- Speak on behalf of the company only when authorized and without representation of personal opinion. If you are personally supporting or endorsing our company products, brands or services in a public forum, you must disclose your affiliation with the company and make it clear in your personal post that you are speaking on your own behalf.
- Consider how the message may sound if taken out of context. Provide information on a need-to-know basis. Mark communications confidential as appropriate.
- Think before you send. Use good judgment in what and how you say things.

Questions & Answers

There is a blog site where other individuals that have the same type of role as I do exchange information. I’ve noticed that some individuals’ responses include their workplace auto signature that reflects their name, title and company information. Is it acceptable for me to utilize blogs?

You should stick to the facts when seeking or giving information and keep in mind company confidentiality and careful communication practices. Information posted on external blogs or other discussion forums is available to the general public and may be archived for long periods of time. In addition, the inclusion of your auto signature could be misinterpreted as a representation of the company when in fact, it is not. You must not do anything that may be understood as a representation on behalf of the company.

Privacy Expectations

Electronic communication tools used for company business are subject to monitoring by the company to the extent allowed by law. The company has the right to access these tools and use the content for any lawful purpose.

In some countries where we operate, local law requires more specific notifications and policies regarding the privacy of electronic communication tools used for company business. If these are required at your location, they will be provided to you separately from this Code.

The company does not make any guarantees about the reliability of company-provided electronic communication tools for personal use. If you have a need to transmit personal, sensitive information, you should consider using a communication method other than company-provided electronic communication tools.

Acceptable Electronic Usage

The company provides a number of electronic communication tools that its employees use every day. These tools enhance our competitive advantage in the marketplace. Constant technological changes will increase the number and type of company-approved communication tools available to employees.

Regardless of which company-approved communication tools you use, you are expected to use them in an acceptable manner, for proper purposes. This policy applies to all communications related to company business or involving company employees.

Appropriate and acceptable uses of company-approved communication tools include:

- Internal (with other company employees) and external (with customers, suppliers and business partners) business communications.
- Access to information for appropriate business, technical and research purposes.
- Limited personal use that does not distract from your regular job duties, is not excessive and does not result in inappropriate or unapproved costs. Employees and supervisors should discuss what constitutes unacceptable costs and whether reimbursement to the company is appropriate based on the employee's roles and responsibilities, and the situation.

Inappropriate and unacceptable uses include:

- Revealing the company's proprietary or confidential information without the appropriate authorization or agreements in place, whether this is done inadvertently or intentionally, and whether inside or outside of the company.
- Accessing, distributing or storing materials that could be considered unethical, inappropriate, offensive, disrespectful, harassing or abusive to others.
- Conducting outside business.
- Transmitting legally privileged information without permission from Legal.
- Misrepresenting oneself as another individual or company.
- Conducting illegal activities.
- Sending, receiving, forwarding or copying information in violation of copyright laws.

- Overloading the company network, such as engaging in excessive streaming of music and videos.

Questions & Answers

I am in the process of buying a home and must immediately send a document to my agent. May I use company equipment or must I leave the office to do this?

Use good judgment and use company equipment. Depending on the circumstances, insubstantial and infrequent personal use of company assets may be acceptable. If you have questions about such situations, discuss them with your supervisor.

I am going on vacation with my family. Is it acceptable to use the Internet to make reservations?

Yes. Personal use that is brief, infrequent and appropriate is acceptable.

May I use my company mobile phone to make personal calls?

Limited personal use of communication tools by employees that does not result in inappropriate or unapproved costs, such as long distance or other usage charges is acceptable.

Offensive or Harassing Communications

It is unacceptable to view, access, transmit or forward inappropriate content, such as potentially offensive jokes, images or other materials depicting or pertaining to nudity, sex, or a person's color, race, religion, gender or gender identity, sexual orientation, national origin, citizenship, ethnicity, age, disability, pregnancy, veteran status, genetic information, or other legally protected factors.

If you receive an email containing inappropriate content, delete it immediately. Do not forward the content to an internal or external email address. As a further precaution, if the sender is known to you, notify the sender not to send such items to your business address. If such material is received from an unknown source, you generally should not contact the sender, but you should contact an IT support resource or your supervisor.

Questions & Answers

I use email and instant messaging to conduct business and sometimes send jokes to my friends or coworkers. Is this acceptable?

While humor is important to our work and our lives, remember that the email and instant messaging systems are business communication tools. Inappropriate jokes or comments that may be offensive to others do not belong in the workplace.

Electronic Data and System Security Expectations

Information systems and electronic data are vital assets which support business operations and decision making across the company.

Each employee has an important role in the overall security of our information systems and electronic data including:

- Adhere to your Koch company's policies and practices related to the security of company information systems and data.
- Protect passwords and only share them in limited circumstances, with good business justification.
- Take precautions to protect computer workstations and mobile devices from theft or loss.
- Ensure appropriate information access controls are applied and periodically reviewed, based on the level of sensitivity and confidentiality of the information.
- Do not attempt to alter, circumvent or break company information security protections or processes.
- Ensure the use of any third-party information systems that will exchange, store, process or manage company data undergoes the information technology risk assessment applicable at your Koch company.
- Practice safe computing. Have a heightened awareness of the ways in which fraudulent attempts could occur to obtain or gain access to the company's electronic data.
- Report any suspected or known system security incidents to one of the many options available to you.

Contact your IT support resource if you are unsure how to fulfill these responsibilities.

Questions & Answers

I travel on business and need to transport personal data of others, such as company employees, customers, suppliers, vendors and job applicants, on my laptop. What should I do to protect the data?

Consider carefully whether you need to store and transport personal data on any mobile device. If you must do so to perform your job duties, limit the amount of personal data that you transport and ensure company-provided information technology security precautions, such as encryption, are taken.

What should I do if my mobile device is lost or stolen?

The loss or theft of any mobile device, such as a laptop or smartphone, which stores or has the ability to access information relating to company business, must be reported to the appropriate resources at your Koch company.

Use of Non-company-provided Technology

Use of non-company-provided communication tools for business purposes can pose an increased risk for the exposure of company information, loss or theft of information, unauthorized access to information and failure to meet requirements for managing company information.

You must follow your Koch company's approval process and any additional requirements imposed by your Koch company for the use of non-company-provided technology to conduct company business. When approved to use non-company-provided technology, take all appropriate precautions and move business records to an approved location as soon as possible.

Security and Proper Use of Company Property

It is the shared responsibility of all employees to protect our people and property. In doing so, employees must manage assets with integrity and avoid misuse, fraud, theft, embezzlement or other improper or illegal means of diverting corporate assets. This includes the misuse of a company-issued credit card or submission of a fraudulent reimbursement request. Report any attempted or actual violations of access or financial controls to one of the many reporting options available to you.

Securing equipment, supplies and materials against theft or unauthorized use can limit losses. Reporting suspicious persons or activity to your manager, security personnel or your compliance and ethics resource can further prevent a security incident.

Questions & Answers

If I discover a great price on something I want to buy and don't have my personal credit cards with me, is it acceptable to use my company-issued credit card so long as I repay the charges?

No. You cannot use a company credit card for personal expenses.

My supervisor has asked maintenance employees to leave the facility during working hours to fix an electrical problem at his home. What should I do?

You should report your concerns to one of the many options available to you so the activity can be reviewed.

My supervisor gave me an invoice and asked me to put it on my company credit card and forward it to her for approval and payment. Should I pay the invoice?

No. Every employee is responsible for paying the expenses they incur. In this case, your supervisor, who can certify the expense, is responsible for the charge and should submit it to her supervisor for approval, even if the amount is within your supervisor's authority to approve.

I have noticed unescorted people wandering around and taking pictures at the facility. What should I do?

Photography of company property is permitted only when approved by the business unit leader or local site management. Unauthorized photography of company property could be a sign of surveillance and the activity should be considered suspicious. Additionally, this photography could result in a loss of intellectual property. If you see the activity occurring, immediately report the matter to security or a member of management.

I routinely take my assigned company laptop home and on business trips. Is it acceptable to leave it in a vehicle unattended?

The loss of a laptop or any portable communication device not only results in the loss of the property, but it can also lead to a loss of confidential information or personal data. You should take the laptop inside your home to ensure safe storage. If you have a few stops to make before arriving home, discreetly store the laptop or any other property so that it is not visible in the vehicle.

Intellectual Property and Confidential Information

The value of ideas, creations, innovations and information — intellectual property — often exceeds the value of more tangible items, such as physical property. The company's considerable intellectual property assets are central to developing new products, attracting new business opportunities and maintaining our existing businesses in a highly competitive environment.

Intellectual property that you or others create on behalf of the company, or that relates to our business, belongs to the company. If we do not identify and protect our intellectual property, we risk losing our rights to it and the competitive advantages it offers.

Some categories of intellectual property are:

- Trade secrets and confidential and proprietary business information
- Trademarks and trade names
- Copyrighted information
- Patented and non-patented technology

The company's intellectual property may be confidential and contain proprietary information. Confidential and proprietary information must not be shared with others inside or outside of the company unless the individuals have a legitimate need-to-know and have agreed to maintain the confidentiality of the information. Appropriate authorization and agreements must be in place prior to disclosure.

Some typical examples of confidential and proprietary information include:

- Business processes and systems
- Corporate strategies
- Customer lists
- Financial data
- Legal and regulatory matters
- Manufacturing methods
- Marketing strategies
- Modeling and other analytical and/or management techniques
- Organizational charts
- Unpublished patent applications or patentable, or potentially patentable inventions
- Pricing information
- Product formulas
- Sales data and strategies
- Software developed by the company
- Technical data, processes and equipment
- Technical product and process information
- Trade secrets and "know how"
- Employee personal information in certain jurisdictions

Questions & Answers

Some non-company sites I visit require me to sign a visitor's log or non-disclosure agreement before entering the site. What should I do?

Before your visit, ask your host for a copy of any agreements that you may have to sign for site access. This can help avoid surprises when you arrive at the site. Many sites require visitors to sign in and may sometimes require a non-disclosure agreement be signed in order to enter the site. You may sign the visitor log or non-disclosure agreement if it does not obligate you or the company beyond our expectation, expressed in this Code, to respect the intellectual property rights of others. Agreements that may further bind the company must be reviewed by a company Legal resource. It is best to ensure that any necessary agreements are executed in advance. Otherwise, if you are unable to meet the requirements of the site, you may have to decline to enter the site or discontinue the meeting until you can execute an acceptable agreement.

Protecting the Company's Intellectual Property

You are not allowed to use the company's intellectual property for personal benefit or for the profit or benefit of persons outside of the company.

Care must be taken not to lose, misplace or leave confidential information unattended or where others may easily access it, such as open computer files, unrestricted shared drives or documents left on photocopiers or on your desk. Safeguard confidential information and properly dispose of these materials when finished with them. Only use company authorized hardware and software when sending company confidential information electronically. Do not casually discuss confidential information where others might overhear, such as when using video conferencing, speakerphones, mobile phones and when talking in public places. You must always adhere to the specific security measures or procedures that your Koch company has established.

When employment ends, the obligation to protect the company's confidential information and intellectual property continues. All property, documents, materials and files, including computer materials and databases, must be returned to the company. No copies of confidential information or intellectual property belonging to the company should be retained by the departing employee.

Questions & Answers

I attend college courses on weeknights and would like to use some information that belongs to the company in connection with a course assignment. Does this violate company policy?

Possibly. Much of the information we produce, use or control while working for the company is confidential and proprietary. While some information is public and can be used elsewhere, or may be appropriate to use for educational purposes, we should never assume any company information is public. Ask your supervisor before using any company information for any purpose other than your responsibilities at the company.

I overheard some employees discussing company business on a commercial airplane. What, if anything, should I do?

If you believe the information being discussed is sensitive or confidential, respectfully tell the people they can be overheard. Every employee has a responsibility to ensure that confidential and proprietary information is not shared publicly.

I just discovered what appears to be sensitive information left in a conference room. What should I do?

First secure the information and then try to determine the likely owner of the documents and return them to that person. If you cannot, contact your compliance and ethics resource or Legal for help.

Is it acceptable to post the company's intellectual property online such as to an Internet bulletin board or blog?

No. You are not allowed to publish company intellectual property unless authorized by Legal. If the intellectual property constitutes confidential information, it cannot be disclosed to anyone outside the company unless they have a legitimate need-to-know such information to conduct company business and have agreed to maintain the confidentiality of the information.

There is a non-company website that has information about one of our products that I believe is inaccurate. Should I post a statement on behalf of the company to correct the inaccurate information?

Only those authorized to represent the company may do so. You should contact your supervisor if you are concerned about the inaccurate information so that the authorized company resource can respond to the posting, if appropriate.

Do I have to protect confidential and proprietary information even after I leave the company?

Yes. You are obligated not to use or disclose the company's confidential and proprietary information after you leave the company.

Trademark Use

There is significant inherent value in presenting a unified look to our customers and communities. Our corporate brands and other trademarks are valuable assets, and it is important to use our trademarks properly and follow company brand guidelines or standards. It is also important to use, protect and enforce our rights to maintain the strength and value of our brands and corporate identity.

Some examples of our company trademarks:

- Marks like Principle Based Management™, Market-Based Management®, Principled Entrepreneurship™ and the Koch® logo are all trademarks owned by Koch Industries.
- Brands like Brawny® paper towels and Quilted Northern® tissue are trademarks owned by Georgia-Pacific Consumer Products.
- Brands like Mini-Fit® connectors and Picoflex® connectors are trademarks owned by Molex.
- Brands like Gold Diesel® fuel and Sure Sol® specialty solvents are trademarks owned by Flint Hills Resources.
- Brands like Agrotain® nitrogen stabilizer and Nitamin® fertilizer are trademarks owned by Koch Agronomic Services.
- Brands like Intalox® structured packing and Flexiring® random packing are trademarks owned by Koch-Glitsch.

Trademarks should not be reproduced in any form that differs from the company's brand guidelines or standards and they must be in accordance with all applicable laws.

Patents and Trade Secrets

Protecting the company's intellectual property is essential to ensuring that the company secures the full value of its technical innovations. Because of the complex nature of patents and trade secrets, you should contact your Koch company's Legal resource so proper steps are taken to protect newly developed technologies.

If you become aware of a potential infringement or misuse of the company's patents or trade secrets by a third-party, you should contact your Koch company's Legal resource for analysis.

Others' Patents and Trade Secrets

The company respects the valid and enforceable patent rights and trade secrets of others throughout the world by avoiding infringement or misuse of such rights or by obtaining licenses. Because of the complex nature of patents and trade secrets, you should contact your Koch company's intellectual property Legal resource who will work together with the business to ensure proper steps are taken to protect newly developed technologies.

Corporate-developed Software Applications, Code and Documentation

Software applications developed by employees are company property and are generally for exclusive use by the company. You are prohibited from unauthorized duplication or distribution of these applications.

Questions & Answers

Can I sell a product or service I develop on my own time?

It depends on the product or service. Like many companies, we claim an ownership right, to the extent allowed by law, to any product or service reasonably related to our business, even if you develop it on your own time. Acting with integrity and ensuring that you are complying with your legal obligations requires a release letter from Legal before you begin marketing any such product or service.

Proper Use of Others' Intellectual Property

Similar to your obligation to properly use and protect the company's intellectual property, you have an obligation to ensure that you respect the intellectual property of others. It is the right thing to do and there can be significant legal consequences for you and the company if you misuse others' intellectual property.

Others' Confidential and Proprietary Information

Collecting information about our competitors from legitimate public sources to evaluate the relative merits of their products, services and marketing methods is proper and often necessary. However, there are limits to the ways information may be acquired. For example, seeking confidential information from a new employee who recently worked for a competitor, misrepresenting your identity in the hopes of getting confidential information from or about a competitor or sharing or using confidential information of other companies gained while conducting the due diligence process for potential acquisitions for the purposes other than evaluating the acquisition are prohibited and may be illegal.

If information is covered by a confidentiality agreement or use-restriction obligations that the company owes to another individual or company, such as a licensor of technology, the sharing and use of such information is subject to the conditions of the agreement with the party.

Questions & Answers

I worked on an acquisition that did not materialize. Another team is working on a similar acquisition. Can I share information from the project?

It depends. In the case of a potential acquisition, a confidentiality agreement is normally signed by the company before receiving information. The terms of the agreement may prohibit the disclosure and/or use of that information for other projects. Contact Legal for analysis of the issue.

A vendor mistakenly sent me a copy of a report that contains confidential information about a competitor's business plan. Can I give it to our marketing department?

No. You should not read this report any further, nor should you keep or make copies of it. Bring the document to the attention of your manager and Legal for appropriate handling.

Copyright

Copyright laws protect many materials we use in the course of our work. Music, electronic and printed graphic images, other companies' logos and designs, digital content, scanned documents, trade journal articles, engineering drawings, online videos and articles are some examples. Presentation slides, training materials, management models or other materials prepared by outside consultants or organizations are copyright protected.

Do not reproduce, distribute or alter software, documentation or other materials without a valid license or other prior permission of the copyright owner or its authorized agent.

To distribute copyright protected materials, you have several options:

- Verify if the material is covered by our multinational corporate license agreement from Copyright Clearance Center.
- Circulate the original printed form of the material or if the material is only available on the Internet, circulate the link to the material.
- Seek permission to reproduce and distribute from the copyright owner.

Questions & Answers

I would like to use a work-related video or article that I found on a website as part of a presentation to my team. May I do so?

It depends. Relevant factors can include the source of the video or article, the method of sharing and the purpose for sharing. The creator of a video or author of an article is the original owner of the copyright. The fact that a video or article has been published on a website does not give you the right to copy the video or article. Many websites only allow you to download a video or print one copy of an article for individual use. Seek ways to appropriately share the knowledge. Options may include passing along the website link, embedding a link to a video or requesting permission from the copyright owner.

Software License Agreements

Software licensed for use on company computers is generally created and copyrighted by other companies and may be subject to restrictions regarding its use and distribution. The company generally receives and uses this software under licensing agreements and does not have ownership rights. Copying or using software on unauthorized computers may be illegal and also violate the license agreement.

Use software only in accordance with the terms specified in the applicable software license agreement. You are responsible for understanding and complying with your Koch company's software policy and all software license agreements. If a specific software license agreement is not clear, contact your local IT resource.

Copying, Using, or Distributing Unauthorized Software

Do not make, use or distribute unauthorized copies of any software under any circumstances.

Questions & Answers

Is it acceptable to install freeware, shareware, etc., onto my company computer?

Do not install any software product, including any software you may have purchased for personal use, on a company computer without approval by your business IT leader. They can help ensure that all license requirements are met and that the software is appropriate for use on the computer.

Can software licenses be transferred from one company employee or representative to another company employee or representative?

All license transfers should be cleared through your IT resource. Some licenses prohibit transfers between employees or require other special handling.

What is the policy regarding software purchases?

Software purchases are coordinated through your IT resource and must follow your Koch company's software purchasing policy to ensure global management and auditing of our software licenses.

Managing Company Records and Information

Information is a valuable asset, and it is everyone's responsibility to ensure that information relating to company business, regardless of how it is created or where it is stored, is managed effectively and efficiently, from creation through disposition.

The company's records and information management expectations are as follows:

- Comply with applicable laws and regulations mandating the retention of certain types of records.
- Manage and retain records in accordance with your Koch company's established retention policy.
- Only create or store company records in approved locations.
- Preserve all records that may be relevant to any ongoing or expected litigation, audits or government investigations, or are subject to legal hold.
- Retain archival information of historical significance to the company.
- Ensure that vital records are identified, protected from destruction and available for the continued operation of the company in the event of a disaster.
- Dispose of records that have satisfied applicable retention periods, are not subject to any legal hold, and are of no continuing business value.

Accurate Business Records

The company requires accurate and complete business records. This includes all business records such as environmental, safety, operational, personnel and financial records.

To ensure this you must:

- Prepare records accurately and completely.
- Sign or approve only records that are accurate and complete.
- Disclose records only as authorized by company policy.

Never give out false information or act deceptively. This includes making false entries in company books and records, unauthorized destruction of documents, falsification of documents, giving or soliciting false testimony, or engaging in any act designed to cover up, obscure, mislead or hide a fraudulent transaction or act.

Questions & Answers

I think a coworker is reporting hours that she did not work. What should I do?

Falsely reporting hours that an employee did not work demonstrates a lack of integrity and is a serious issue. It also results in higher costs to the business and is a form of theft. Report your concern using one of the many options available to you.

What if my supervisor asked me not to report my overtime hours?

The law and company policy are quite clear in this area. You must accurately report all hours worked without exception. You must report your supervisor's behavior using one of the many options available to you.

I'm supposed to check the gauges on a piece of equipment every shift. Yesterday, I forgot. I almost always get the same measurement. Is it acceptable to just fill in yesterday's reading with today's data?

Absolutely not. Everything we do is based on honest and accurate measurements and reliable data. Practice integrity and humility by acknowledging that you made a mistake. Mistakes can become particularly serious when employees attempt to cover them up.

Outside Requests for Information

To ensure proper handling, refer outside inquiries to the appropriate department or personnel.

- Refer all inquiries from regulatory agencies to Legal or appropriate resources within the company, such as to human resources or environmental, health and safety professionals.
- Refer all inquiries from news or trade media requesting a company response to the Government & Public Affairs office, which will identify an appropriate spokesperson.

- Refer all inquiries about current or former employees to your local human resources leader.

Questions & Answers

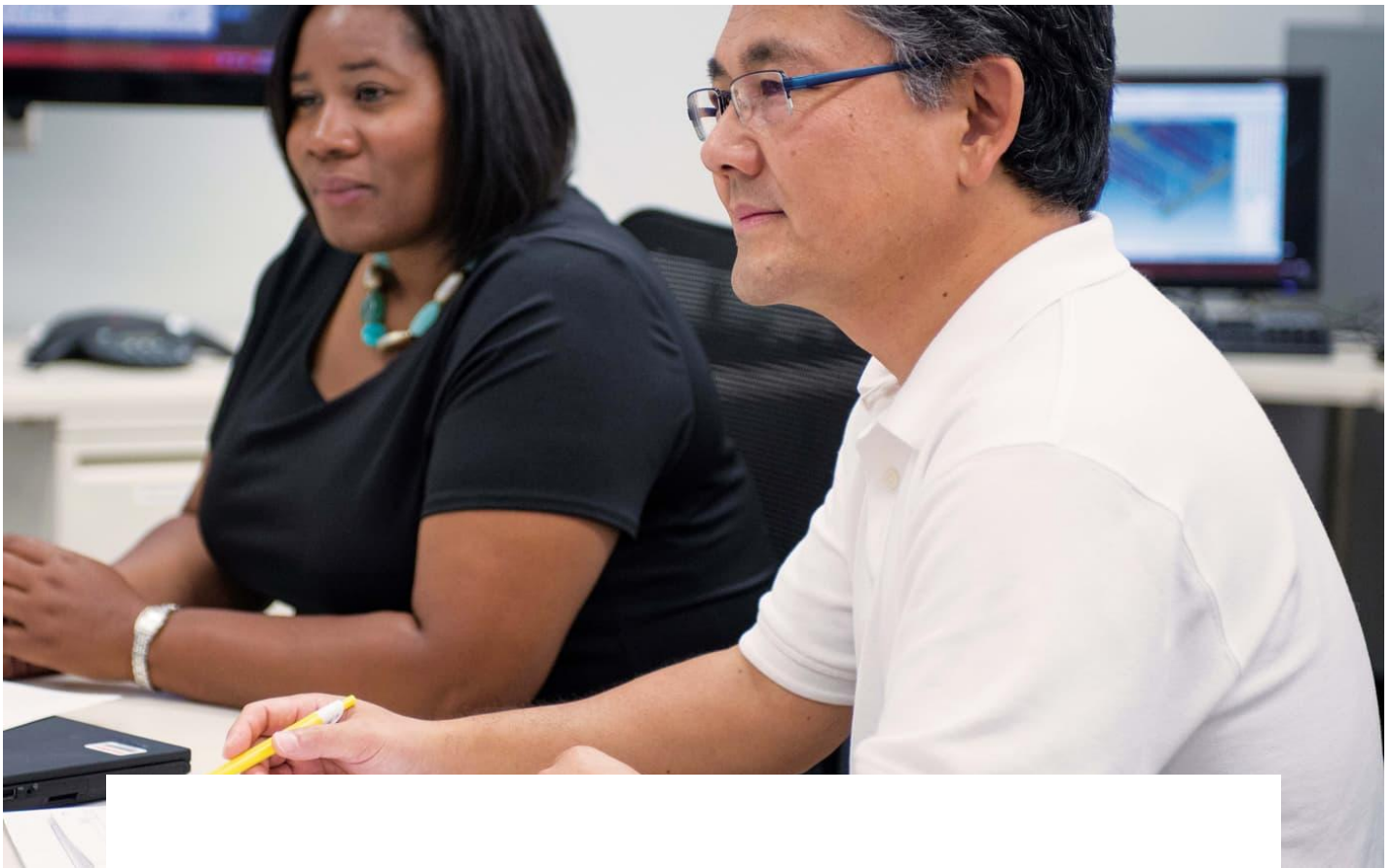
I received a call from a government agency representative asking questions about the company's operations and business activities. What should I do?

You should politely inform the representative that it is company policy to cooperate with the government, but that you will need to get back to them. You should immediately contact Legal for guidance.



CHAPTER 4

Personal and Business Integrity



"My father once advised a group of business students to 'always do business with honorable people.' He told them 'all the contracts and lawyers in Christendom cannot make a dishonorable man hew to the line.' When we're considering a business relationship – whether with an employee, partner, supplier or customer – our first question is always do they have integrity?" —Charles Koch

Avoiding Conflicts of Interest

Avoiding Conflicts of Interest

A conflict of interest occurs when personal, social, financial or political activities interfere with our responsibilities to the company. Actual conflicts must be avoided. Even the appearance of a conflict can be damaging and should be avoided. You have a primary business responsibility to the company and are expected to avoid any activity that may interfere, or have the appearance of interfering, with the performance of this responsibility.

The following sections are examples of areas where conflicts of interest may arise.

Taking Advantage of Company Business Opportunities

You may not take personal advantage of business opportunities, or potential business opportunities, that you learn about or develop in the course of your employment with the company. This is true whether it directly benefits you or any other person or business.

Working for Other Companies

While there is no general prohibition against working for other companies, doing so must never interfere with your responsibilities to the company, including taking time away from company duties or misusing company resources. If the second job is with an organization that is a competitor, customer or supplier of goods or services to the company, it raises an actual or apparent conflict. The same considerations apply to working, consulting with or advising for an organization that is seeking to become a customer, supplier or competitor of the company. Before taking a second job with any other company, you should talk with your supervisor to make sure it does not pose a conflict for you.

Conducting Business with the Company

Except when specifically permitted or approved, you and your close relatives may not engage in any transaction with the company. Examples include the rental, purchase, sale, transfer or use of property or provision of service.

A conflict may arise when a relative or friend works for a competitor, customer or supplier and directly interacts with you or your business group as a part of their role with that company. If you are unsure whether you could be in a situation that might create a potential conflict of interest, consult with your supervisor.

Ownership or Investment in Other Companies

You and your close relatives should not have a substantial interest in any customers, competitors or suppliers. You are required to inform your supervisor about any outside business interests of this nature you have or are considering. In addition to a potential violation of insider trading law, ownership or investments of this kind may impair your ability to make objective business decisions on behalf of the company and divert you from your primary responsibilities to the company.

Employment of Immediate Family

The hiring of relatives must be pre-approved by the executive human resource leader of the Koch company you are employed by.

Personal Activities

We are all expected to commit our full attention to business activities during business hours. Do not let personal activities, including those related to a personal business, take attention away from or interfere with your responsibilities to the company.

Questions & Answers

One of the electrical contractors who works for the company has offered me a part-time job on the weekends. Would this create a problem?

Probably so. Our policy on avoiding conflicts of interest obligates all of us to avoid even the appearance of a conflict of interest.

My sister manages a local office supply store and she says that she can save us money if I can help her do business with the company. Can I use her firm or recommend her firm to others in the company?

This might be perceived as a conflict of interest or favoritism. You should disclose the relationship and receive advance approval from your local management before pursuing this business arrangement or recommending it to others in the company.

I have an investment in a company that is not a customer, competitor or supplier. My investment causes me to receive and answer email and phone calls occasionally while I'm at work. Does this cause a conflict of interest?

It depends. There are many factors that could cause a conflict to exist. You should contact your supervisor to discuss the facts related to your investment and together determine a course of action.

Can our family-owned business sell its products or services to the company?

Behaving with integrity requires that your family business should not try to do business with the company unless and until you have received permission from your local management or your compliance and ethics resource.

Is it okay to use my computer on my lunchtime to access the Internet to research topics of personal interest?

Yes, under certain conditions. If you use the Internet for brief, infrequent periods of time, and you are not accessing inappropriate sites, it is generally acceptable. If you have any doubt, consult with your supervisor. You also should refer to the acceptable electronic usage section in this Code.

My son is at home alone after school until I get home. Is it acceptable to have him telephone me when he gets home from school to let me know that he has arrived safely?

Yes. It's generally acceptable for us to make and receive personal calls as long as they are infrequent, brief and do not interfere with the normal flow of business activities.

I interact with a lot of people at my workplace and I think it would be a great opportunity to be able to introduce a new line of cosmetic products I sell and also to ask them if they would like to participate in a fundraiser for my child's school. Would either of these activities create a conflict of interest or other policy violation?

You are not allowed to solicit from your coworkers during company working time, in work areas, or by using company resources, such as email. You should also refrain from soliciting anyone you supervise. Contact your supervisor or human resources leader to ensure you understand the non-solicitation policy applicable to your location.

Are we allowed to participate in betting pools?

Office betting pools, often used to wager on the outcomes of sporting events can be illegal. As such, company assets and resources cannot be used to sponsor or participate in this type of activity. While certain pooling activities may be legal under state law, any such activity that is conducted during working time or involves the use of company assets, such as email or copy machines, is considered inappropriate.

Does the Code prohibit me from having a romantic relationship with a coworker?

The Code is not designed to cover private matters between employees. However, romantic relationships with others in the workplace can create situations that may be prohibited by the Code. For instance, employees who supervise one another, coworkers who work closely together or who could influence each other's pay, performance rating, job benefits or other terms and conditions of employment, must avoid even the appearance of a conflict of interest. If you find yourself in a situation that may lead to a potential or actual conflict of interest due to a romantic relationship with a coworker, you are encouraged to bring the matter to your supervisor's attention or to the attention of human resources.

I am a software programmer for the company. I want to start a business that will develop and maintain personal computer software for small companies. Will this be a conflict of interest?

It depends on many factors, such as whether your product is similar to programs that you develop while employed by the company, and whether company time, material, equipment or proprietary information could be used in developing, marketing or maintaining your product. Before starting your business, you should consult with your supervisor to get a conflict of interest determination, as well as determine whether any company proprietary information or trade secrets are involved.

I have been asked to serve on the board of a nonprofit organization. Is that a problem?

You must consult with your supervisor. Your board activities should not conflict with your working time and you should not use corporate resources to communicate with others in your capacity as an outside nonprofit board member. Positions on for-profit company boards present additional risks and will require additional review and preapprovals.

Gifts, Gratuities, and Entertainment

We pride ourselves on building strong relationships with customers, suppliers, government officials and other business associates. At times, and where allowed by law, it may be appropriate to exchange modest gifts or entertainment. Good judgment and common sense are also critical in determining the appropriateness of a gift or

entertainment. Avoid any relationship that could give the appearance of impropriety or otherwise affect or influence your ability to make good business decisions. Offering, giving, soliciting or receiving any form of bribe or kickback is strictly prohibited.

Gifts are defined very broadly and can include anything of value, such as cash or cash equivalents, travel, transportation, lodging, meals, drinks, entertainment, use of company materials, facilities or equipment not available or offered to the general public, employment offers, a promise of future business opportunities, scholarships and charitable contributions.

As a general rule, do not provide or receive anything of value or give special treatment of any kind, to or from any individual, organization or government official that seeks to conduct or conducts business with the company, or that competes with or regulates the company unless:

- It is lawful, ethical, of limited value and supports a valid business purpose.
- It creates no real or perceived business obligation.
- Public disclosure of the transaction would not embarrass the company.
- Proper approval is received.

The following also applies when giving or receiving anything of value:

- No gifts of cash should ever be given or accepted.
- No gift cards, certificates or other cash equivalents should ever be given or accepted including those only redeemable for in-store merchandise. Exchange options exist which could result in the recipient exchanging the gift for an alternate preference or even convert the gift to cash. Exceptions may be appropriate in limited circumstances and are permitted only when the pre-approval requirements of your Koch company have been met. This exception does not apply to government officials in the U.S. or to foreign government officials outside the U.S.
- Do not solicit anything of value from any customers, suppliers, government officials or business associates.
- Any improper request for anything of value from any customers, suppliers, government officials or business associates must be reported.
- Giving or receiving anything of value must be approved by an employee's supervisor if the value, given or received, exceeds U.S. \$100.
- When providing anything of value, it must be limited to those directly responsible for the business at issue unless the participation of others is reasonably necessary for the legitimate business purpose of the expense.
- Giving or receiving gifts, entertainment or other gratuities is likely to require documentation on your part. Giving or accepting gifts may also result in taxable income to you and/or the recipient. You should ensure that you understand such requirements and take appropriate action.

Ethical dealings with the government or a state-owned enterprise, requires following guidelines, especially when providing anything of value to a government official. Additional government interaction information, including the definition of "government" is located in the section of this Code on Government Interaction. Do not authorize, offer, provide, or deliver anything of value, either directly or indirectly, for the purpose of rewarding or improperly influencing any political official or government official, or their contractor or agent.

The following additional requirements apply:

- Government officials and state-owned enterprises in some jurisdictions may be subject to specific gift limitations well below the U.S. \$100 limit. Pre-approval, documentation and tracking requirements of your Koch company must be followed when providing anything of value to a government official.
- Non-U.S. government officials or employees of state-owned enterprises outside of the U.S. are subject to the independent review requirements of your Koch company, when providing anything of value.

The requirements associated with providing anything of value, especially to a government official or employee of a state-owned enterprise, can be complex and may require the involvement of your compliance and ethics resource, Government & Public Affairs office or Legal. You should ensure that you understand these requirements and take appropriate action.

Additional information pertaining to corruption and commercial bribery is located in the section of this Code on Anti-corruption and Commercial Bribery.

Questions & Answers

Is the U.S. \$100 approval limit on gifts an annual limit?

No. The limit relates to the value of gifts given at any one time. However, frequent gifts to or from one individual would likely violate the policy.

One of the vendors we used to work with is having a charitable event. May I attend if I pay for the event with my own money? What if I win a prize; may I accept it?

Generally, yes, but you should advise your supervisor to ensure that there is not even an appearance of impropriety. Generally, you could accept the prize. However, the issue should be raised with management to avoid any potential conflict of interest issues.

May I accept an offer to vacation with my family at a customer's mountain condominium even though the customer will not be present?

Since you are not going to be with the customer to discuss business or otherwise further your relationship, there probably will not be a sufficient business purpose to justify the offer. You may pay the customer fair market value for the condominium after seeking approval from your supervisor or your compliance and ethics resource.

What if my customer is offended that I cannot accept a gift that is over the U.S. \$100 limit?

Usually a polite explanation that company policy prohibits you from keeping the gift will be sufficient.

May I accept a business meal from a customer or supplier?

You may let a customer or supplier pay for a meal arranged for the purpose of discussing business. However, it probably is not appropriate to let customers or suppliers repeatedly pay for your meals.

I'm responsible for securing temporary help through outside employment agencies. One of the agencies sent me a gift during the holiday season. May I keep it?

You may accept the gift if it meets each of the following tests: it is unsolicited; it is less than U.S. \$100; it is not cash or a cash equivalent; and it will not influence or be perceived as influencing your business judgment. If you are unsure, discuss the situation with your supervisor or compliance and ethics resource.

One of my customers has invited me to attend a three-day conference sponsored by his company at a major resort. The conference agenda includes some business activities but also provides for leisure activities. May I accept the invitation to attend at the customer's expense? Suppose the same invitation came from a supplier; could I accept?

In either case, you should only attend if there is a reasonable expectation that your attendance will create value for your business, that the event is typical of your industry and your supervisor approves in advance. Participation at such conferences can help build good customer or supplier relations. Participating in events that do not present

significant business opportunities is inappropriate.

My spouse and I have been invited by a supplier and his spouse to join them for a weekend golf outing. Is it acceptable for my spouse to attend?

There must be a reasonable expectation that some business benefit to the company will result. You and your spouse's travel and entertainment should be treated as a gift and if the value of the trip exceeds U.S. \$100, approval must be received prior to your acceptance.

Are the Gifts, Gratuities and Entertainment requirements different when entertaining an employee of a government agency or state-owned enterprise?

It depends. Providing anything of value, such as "entertaining," must be consistent with applicable laws in the relevant countries, meet the requirements of the Gifts, Gratuities and Entertainment section of this Code and any additional requirements imposed by your Koch company. If you have any questions, seek the advice of Legal before taking action.

Resolving Conflicts of Interest

If you think that you may have a conflict, real or perceived, report all relevant details to your supervisor, compliance and ethics resource or Legal. Most conflicts of interest can be resolved in a mutually acceptable way, but they must be addressed.

Insider and Personal Trading

In the course of your everyday work, you may gain confidential information regarding the business of the company or third-parties, such as customers, suppliers, acquisition targets or venture participants.

The company and its employees are prohibited from buying, selling or otherwise transferring securities of an issuer while in possession of material, non-public information relating to that issuer, or its securities. In addition, you must not "tip" other people; that is, you must not disclose such information to others. If others act on the information you provide, you could both be violating the law and subject to severe penalties.

Your awareness of material, non-public information at the time you purchase or sell a security of an issuer may be enough to violate insider trading laws. It may not matter whether you actually use the information in making the purchase or sale.

Some examples of "securities" are:

- Shares of corporate common or preferred stock, a limited partnership interest or other forms of ownership.
- A bond, such as a corporate bond.
- A derivative, such as a future, option, warrant or swap relating to a corporate common stock.

“Material” information is generally regarded as information that a reasonable investor would consider important in deciding to buy, sell or hold a security. Either positive or negative information may be material.

Some examples of possible material information include:

- Projections of future earnings or losses.
- Information regarding a potential or proposed merger, divestiture, acquisition or venture.
- Changes in key management.
- Significant new products or discoveries.
- Impending bankruptcy or financial liquidity problems.
- Major litigation.
- Gain or loss of a substantial customer or supplier.
- Significant changes in credit rating or credit status.

Information is considered “non-public” until it has been effectively disclosed to the investing public and enough time has passed for the investing public to be able to evaluate the information.

If you violate the laws regarding insider trading, you and others that you disclose information to may be subject to severe criminal and civil penalties, including substantial fines and imprisonment. In addition, you may expose the company to considerable fines.

Personal Trading Restrictions

In addition to observing the insider trading laws, you must observe the following restrictions in your personal trading activity:

- Do not buy, sell or otherwise transfer securities of a particular issuer, such as corporate stocks or bonds, if you have been informed that transactions in the securities of that issuer are prohibited.
- Do not buy, sell or otherwise transfer any physical commodity, future or derivative of a physical commodity that has been prohibited by your Koch company.
- Personal trading must not create a conflict of interest, such as trading securities of a key customer, competitor or supplier of your Koch company.

These restrictions also apply to your family members and others who live in your household. You are expected to ensure that they comply. These restrictions also apply to any account over which you have control or discretionary trading authority, even if that account is not in your name. If you are designated as an Employee with Access to Sensitive Information, you must follow the pre-trade clearance requirements of your Koch company.

Questions & Answers

I've become aware of a proposed venture between the company and a publicly traded company. It hasn't been publicly announced. May I trade in the other company's securities or pass along the information to someone else?

No. Since you are aware of material, non-public information about the publicly traded company, you must not trade in any security of that company or pass along such information to anyone else.

I've become aware of financial information about one of our customers that indicates the customer is in better financial condition than most people realize. I want to purchase stock in the customer's company. May I do so?

No. You may not purchase this stock until the financial information is known to the investing public. The information may have been entrusted to us in confidence by the customer to help us determine how to best meet the customer's needs. Using this information for personal gain or disclosing it to others would violate insider trading laws as well as our policies regarding the use of confidential and proprietary information.

I work for a subsidiary of the company and have learned that the company will announce an acquisition of a publicly traded company next week. May I purchase stock of the public company before the acquisition is disclosed to the investing public?

No. Your awareness of the expected acquisition would be material, non-public information, and you may not trade in any security of that company or pass along such information to anyone else.

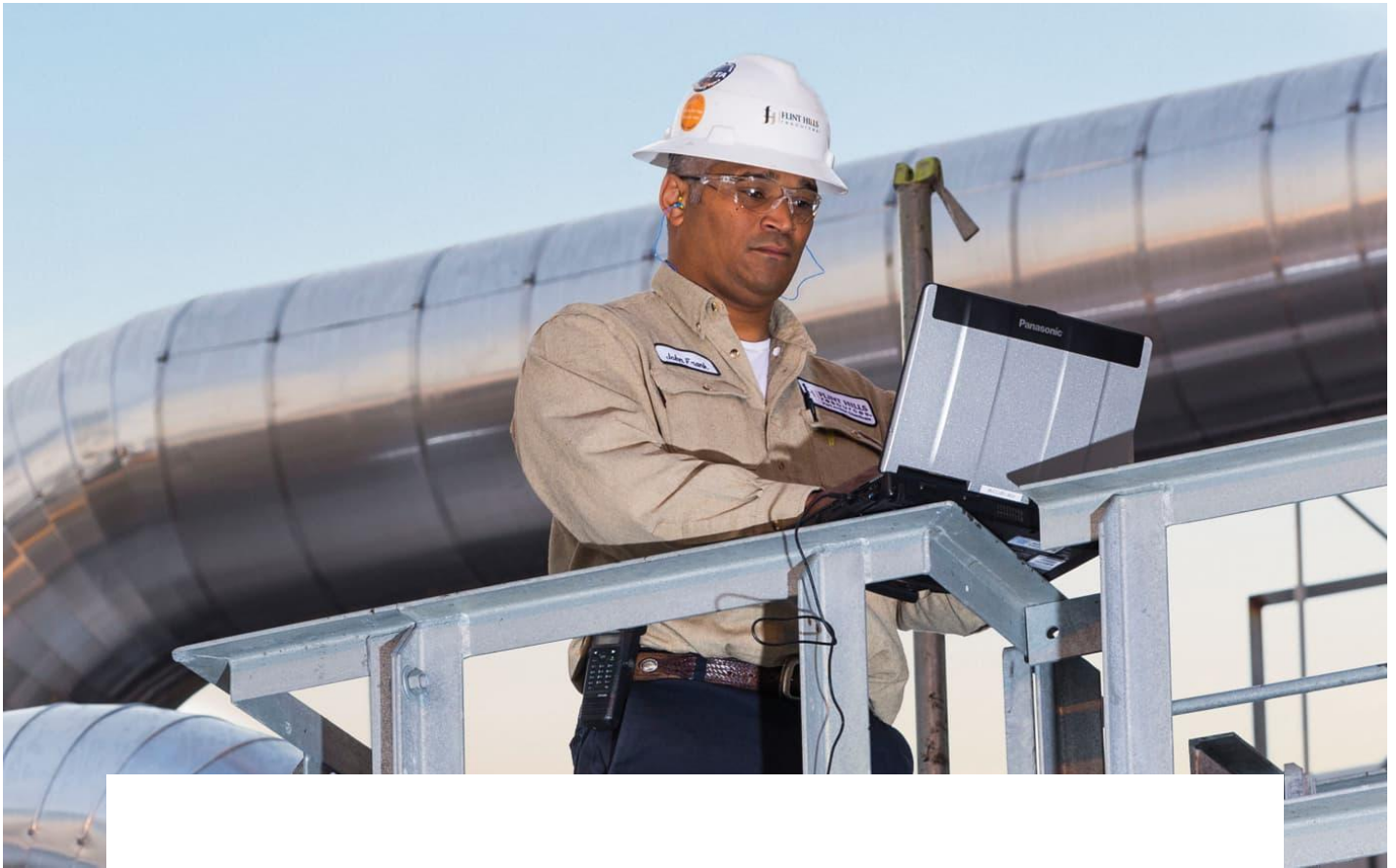
I would like to purchase a security of a major customer of my business group. May I purchase the security of the customer for my personal account?

If you are aware of material, non-public information relating to the customer, in addition to violating company policies, you could be violating the insider trading laws if you purchase the security of the customer. If, however, you are not aware of material, non-public information relating to the customer, you might be allowed to purchase the security of the customer if it does not create an actual or perceived conflict of interest. Questions regarding conflicts of interest should be directed to your compliance and ethics resource or Legal.



CHAPTER 5

Environmental, Health and Safety Excellence



"Achieving EHS excellence is not easy, but it is essential for our survival and success. By EHS excellence we mean going beyond compliance to ensure that we're keeping people safe and protecting the environment. The highest priority must be placed on risks that could cause the most serious harm to people, the environment or the business."

—Charles Koch

Environmental, Health and Safety Excellence

Our companies worldwide will act as proper stewards when managing all aspects of business. That means they will act with proper regard for the rights of others, put the safety of our employees and others as our highest priority, drive environmental excellence and comply with all laws and regulations.

Fundamental Expectations of Employees:

- Place protection of health and safety and the environment first, no matter how urgent the job.
- Never accept noncompliance, unsafe behaviors or unsound environmental practices for the sake of production or financial objectives.
- Seek an understanding of the key EHS risks of his or her role, and the best knowledge regarding EHS issues.
- Comply with applicable regulations, requirements and job procedures.
- Report all incidents and near misses, raise concerns and challenge the status quo in order to prevent incidents and drive continuous improvement in EHS performance.
- Report any EHS issue that he or she believes has not been appropriately resolved, even if it means raising it with another available resource as described in chapter one of this Code.
- Responsibly manage your actions and the resources entrusted to your care in a manner that respects the rights of others.
- Full commitment to these EHS expectations and engagement in achieving this level of performance, throughout the organization.

Any employee who knowingly violates applicable environmental, health and safety policies, laws or regulations will be subject to disciplinary action, up to and including dismissal.

Fundamental Expectations of our Companies:

- Act with proper regard for the rights of others and place protection of health and safety and the environment first, and equip employees to work effectively in the workplace.
- Require the same level of performance from contractors, vendors, visitors and other third-parties in our facilities as we do from our employees.
- Identify and manage EHS risk, placing the highest priority on those which could cause the most serious harm to people, the environment or the business.
- Integrate consideration of EHS performance into all business and product planning decisions.
- Utilize materials, natural resources and energy efficiently to increase value and reduce environmental impact.
- Respond in a timely and appropriate manner if an EHS incident does occur; learning from incidents and taking action to prevent such incidents in the future.
- Audit and assess our performance and practices regularly, and take appropriate actions where needed to continuously improve our EHS performance.
- Engage employees, customers and suppliers, government officials, communities, and non-government organizations to advance effective approaches to health and safety, and environmental protection.
- Ensure all products are manufactured and placed on the market in a manner that is compliant with applicable laws, regulations and relevant standards of safety for customers, consumers, employees and the

environment.

Questions & Answers

I am aware of a local law, applicable to the location where I work, that I do not believe we are complying with. I have talked to a few coworkers about my concern and their point of view is that the law is out of touch with today's manufacturing process, other companies in the region do not comply with it either, and it is rarely enforced by the regulators so why bother complying with the law. Are my coworker's views aligned with what the company expects?

No. The company's expectation is to comply with all applicable legal requirements. Our commitment to compliance does not rely on how other companies manage their compliance obligations or the extent of enforcement activity. You must raise your concern using one of the many options available to you so the appropriate resources can assist in evaluating the circumstances and help make a determination that meets the company's expectation.

I work at a small facility and I am aware of a safety issue that may cost a lot of money to fix. I am afraid the plant will not be profitable if we have to spend the money. Should I still report the issue?

Yes. Report the issue using one of the many reporting options available to you. Protection of health, safety and the environment must come first, no matter what. Safety is more important than profits.

I work in a high noise area and some of my coworkers refuse to wear their required hearing protection. I don't want to be a trouble-maker, but I am concerned about them. What should I do?

Share your concern with your coworkers and encourage them to wear the required hearing protection, if you feel comfortable doing so. Not wearing required hearing protection or any other required personal protection equipment is a violation of our policies and possibly the law. You should also use one of the many reporting options available to you so the company can understand the issue. Maybe the hearing protection is uncomfortable and needs to be redesigned, or maybe additional training is needed.

We just implemented some new safe work practices. I have been doing this kind of work for more than 20 years and have never been hurt. Why do I have to change the way I do things?

The company values your safety. The company is not trying to make your job harder. The procedures are necessary to identify hazards and reduce risks so that you and your coworkers are protected, and to ensure compliance with regulations and our EHS Policy. Everyone must follow the procedures, however if you have concerns about them or if you think you can improve them, talk to your supervisor or your local safety professional.

Are you really serious about 10,000% compliance? What about "minor paperwork" violations that do not really harm the environment?

Our expectation is 100% of employees fully complying 100% of the time. This includes all legal and regulatory requirements, no matter how insignificant they may seem to you. "Paperwork" violations can result in significant civil and criminal penalties for you and the company.



CHAPTER 6

Interactions with the Government

We are obligated to know the applicable laws and ethical standards of a government with which we deal. These laws and standards may be more rigorous than those that apply to our non-government customers and suppliers. In general, these laws are intended to assure accurate, timely and complete disclosure to the government, and that interactions with the government are conducted in an ethical manner.

All communications and information provided to a government must be accurate, timely and complete. Never engage in misrepresentation, misstatement or omission of material fact, and avoid even the appearance of impropriety when dealing with government agencies or their officials, employees or contractors. Payments or providing anything of value for any purpose to a governmental entity or official must be recorded in accordance with the company's policies and practices. This applies to payments provided directly by the company and also to payments provided on behalf of the company by an agent or representative.

Violations of these requirements can lead to criminal and/or civil liability for the company and the individual.



"We believe communities and governments are more likely to allow companies to grow and prosper when those firms are leaders in EHS and other regulatory compliance. Everyone benefits when new and better jobs are created by practicing Principled Entrepreneurship™." —Charles Koch

Interactions with the Government

The definition of “government” can be very broad, including:

- Officials or agencies that one may readily identify as the government, such as members of the legislature, the judiciary, the executive branch or administration, or other elected or appointed political leaders and their respective staff.
- Municipalities and their emergency responders, such as law enforcement, fire departments and emergency medical services.
- In some circumstances, relatives of government employees.
- Non-government agents acting on behalf of the government agency.
- Primary contractors operating on behalf of or under contract to a government agency.
- Public or state-sponsored hospitals, universities or research organizations.
- Government “instrumentalities,” including officers and employees of companies under government ownership or control.

The law may consider interactions with employees of government-owned companies as government interactions; even if the companies are operated like privately-owned corporations or the employees do not believe themselves to be agents of the government.

Government Submittals and Communications

Government submittals and communications may include oral or written statements made to government officials or other written reports or statements that are prepared in response to a government requirement or request.

If you or an agent or representative of the company have interaction with a government entity or its representatives:

- Ensure that all documents and reports are accurate, timely and complete. This includes all supporting documentation that may be required.
- Disclose immediately to your supervisor any misstatement, misunderstanding, material omission or other mistake, whether intentional or unintentional, so that the issue can be resolved in accordance with the law and company policy.

You must be authorized by appropriate management to represent the company in government submittals and communications. If you are not specifically authorized to submit information to the government, you do not have authority to take such action.

Government submittals and communications may include:

- Making commitments to the government on behalf of the company.
- Certifying compliance.
- Agreeing to permitting, operating or other business conditions not already prescribed by law.

Government Contracts

Contracting and commercial relationships with government entities is materially different from contracting with other entities. In commercial contracting, the parties have, within certain limits, the power to fashion their own terms, conditions and remedies. This is not the case with contracts between private parties and government. Government contract terms, conditions and remedies are largely established by law.

For these reasons, only certain individuals in the company are authorized to negotiate or enter into a contract with any government entity.

It is unlawful to make any untrue statement or unsubstantiated claim to a government official, to collude in bidding or to request payment for work not performed. There may also be additional requirements for documentation or performance certification that are defined by law and not stated in the terms of the contract. In addition, you must be alert for government contracting requirements or terms and conditions that may flow down from a primary contractor of the government to the company as a subcontractor. It is also unlawful to offer gratuities or inducements such as future employment, trips or even meals to public officials when the offer may influence or be intended to influence a public official in performing official duties.

If you have reason to believe that an employee has engaged in any of the behavior described above or has otherwise violated the terms of a government contract, contact your supervisor, a compliance and ethics resource, Legal or the GuideLine.

Political Involvement

The company encourages us to exercise any right we may have to vote and participate in the political process. If you are involved in politics, you must be sure to express your views as an individual, not as a representative of the company. In general, involvement in personal political activities or donations must be on your own time, at your own expense, without the use of company supplies or facilities. Company reimbursement of an employee's personal political contribution is prohibited.

Like all responsible citizens, the company may participate in the political process. However, corporate political participation is highly regulated and complex. Therefore, using corporate resources for, or making corporate payments to, any political party, candidate or campaign may occur only if permitted by law and approved in advance by a compliance and ethics resource, Government & Public Affairs or Legal. This includes visits to company locations by candidates running for public office.

Questions & Answers

A friend of mine is running for local political office and I'd like to help him out in his campaign. There's no problem with this, right?

Right. Your personal support is your personal business. Just make sure that you don't use company resources, such as office equipment or supplies, your company working time or the company's name to advance the campaign.

I am thinking of running for a public office in my community. Is that acceptable?

If you intend to serve on or run for a public office, be sure to contact your supervisor and compliance resource who will assist you in getting the appropriate reviews and approvals, as allowed by local law, to ensure no conflicts of interest exist and ensure you receive the appropriate guidance and training, and that all reporting requirements are adhered to.

The mayor of the town I live in has asked me to serve on a special task force to study transportation issues and priorities. Is that acceptable?

If you intend to serve on a government board, commission or task force of any type, such as public-financed school board, college or university boards, or city planning commissions, be sure to contact your supervisor and a compliance and ethics resource who will notify the appropriate resources in Government & Public Affairs and Legal. These groups will coordinate a review to ensure that any potential or perceived conflicts of interest are reviewed, that you have or will receive the appropriate guidance and training, and that all reporting requirements are adhered to.

Lobbying (Advocating Government Policy)

Lobbying activities can include direct and indirect interactions with governmental agencies or their officials or employees that are intended to influence current or future government action. Such activities are strictly regulated in most countries, as well as in many states, provinces and localities. The company will engage in lobbying activities consistent with our Framework and our Values and in accordance with the law. Such activities must be authorized and guided by a compliance and ethics resource, Government & Public Affairs or Legal.

Questions & Answers

My cousin is mayor of our town and we meet every Sunday for a family dinner. She often inquires how she can help the company. When does someone become a lobbyist?

It depends on the local and/or state laws, which vary greatly with respect to what type of contact with a government official constitutes lobbying. Seek guidance from a compliance and ethics resource, Government & Public Affairs or Legal.

I communicate with federal and state agency employees on policy issues affecting the company, but I don't talk about pending legislation. Am I a lobbyist?

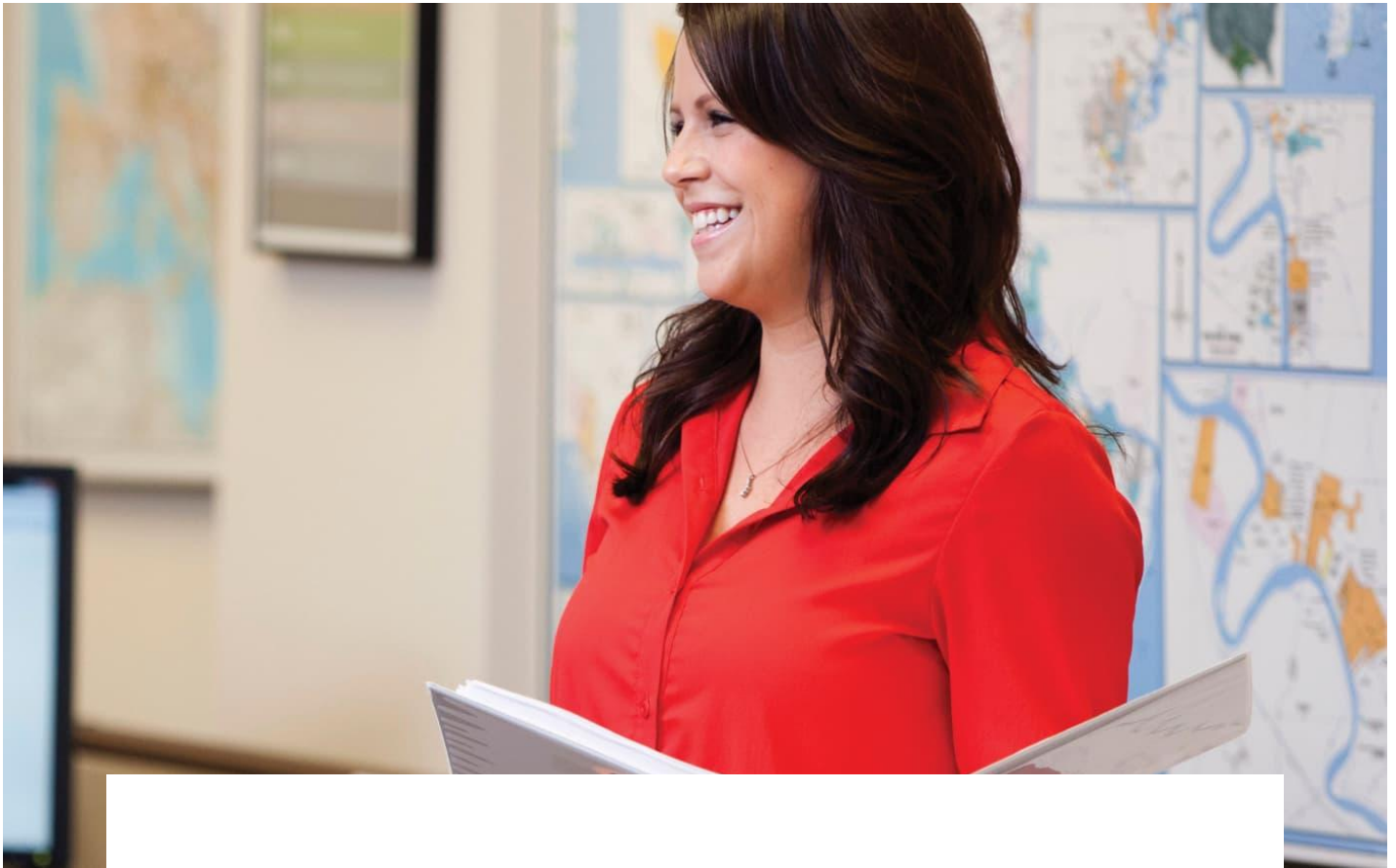
Federal and state lobbying laws apply to contact with certain executive branch officials and employees on many subjects, including laws, regulations, or government policies and programs. These laws also may apply to certain activities relating to those contacts, like background research. Seek guidance from a compliance and ethics resource, Government & Public Affairs or Legal.



CHAPTER 7

Conducting Commercial Activity Lawfully and with Integrity

This Code addresses some of the key areas of law that govern our commercial activity; however, the Code is not intended to address all the laws that may apply to our activities, nor does it necessarily provide complete guidance for those areas of law covered. You should always ensure you understand the law and business requirements that apply to your role.



"Our goal is to help move toward a society where everyone has the opportunity to realize their potential. What this requires is a society based on equal rights and mutual benefit, where people succeed by helping others improve their lives." — Charles Koch

Anti-corruption and Commercial Bribery

Most countries where we conduct business have enacted strict anti-corruption laws and regulations and international anti-corruption conventions. It is company policy to fully comply with the United States Foreign Corrupt Practices Act, United Kingdom Bribery Act, Brazilian Clean Companies Act, and all other applicable anti-corruption laws. These laws generally forbid soliciting, accepting, offering, providing or approving to provide anything of value to anyone, either government officials or business associates or their immediate family members for the purpose of improperly obtaining or retaining business, or gaining any improper advantage or influencing a person to perform their duties improperly or to reward any such conduct.

These laws apply to the company and its employees but, in certain circumstances, we can also be held responsible for the actions of our agents and representatives.

Facilitation Payments

Facilitation payments are prohibited except under emergency circumstances. Emergency circumstances only exist when there is a reasonable belief that there is imminent jeopardy of serious bodily harm and no other prudent alternative is available, or a necessary means to secure governmental services in response to a safety or security emergency. In addition, facilitation payments are often illegal under applicable local law and can carry significant legal risk.

Never:

- Offer, promise, make or approve any unauthorized payment (cash or otherwise) to a foreign government official.
- Induce a government official to do something illegal.
- Establish an unrecorded fund for any purpose.
- Issue a payment without accurate documentation.
- Make a false entry in company finance or accounting records.
- Induce someone else to violate these rules or look the other way when there might be a violation.
- Do business with an agent, partner, distributor consultant or other representative who may deal with foreign government officials or employees of state-owned enterprises on behalf of the company without proper vetting and documentation before appointment. You must ensure they understand our company's expectation to behave ethically and in compliance with these laws.

If you learn of a payment made or requested that might be in violation of any country's anti-corruption laws, immediately report your concerns to one of the many options available to you.

Additional requirements may be applicable as described in the section of this Code on Gifts, Gratuities and Entertainment.

Questions & Answers

I have been interviewing candidates for an open role in China. A manager at the plant is recommending I hire a certain individual. They have indicated to me that this individual would provide additional value to the company because the individual is the adult child of a high-ranking Chinese government official. Should I be concerned?

Yes. The hiring of this individual could be seen as a form of bribery and in violation of anti-bribery laws, which forbid offering or giving anything of value, directly or indirectly, to a foreign government official for the purpose of obtaining or retaining business, or for any improper purpose. You must immediately report your concern to one of the many options available to you.

I was told that I could hire a consultant to assist us in obtaining a contract with a foreign government-owned company. He requested a U.S. \$40,000 retainer and said that he would use the money to “help get the job done.” Since we don’t really know where the money is going, do we have to worry about it?

Absolutely. Our company requires us to take steps to help ensure that this money is not used as a bribe or any other improper purpose. You must seek the advice of Legal.

Suppose we have a shipment stuck in customs abroad and our customs broker suggests that we just pay a local customs official U.S. \$250 to expedite the process. Can we make this payment?

No, the payment is very likely to be unlawful under the local country law and U.S. laws. You must inform Legal when any such payments are suggested and prior to responding or taking any action in response.

Antitrust and Competition Laws

Our fundamental principle-based framework strongly supports free markets. We believe free competition in the marketplace benefits all of us as consumers. Antitrust and competition laws exist to protect free and fair competition. We succeed by the economic means because we successfully compete in the marketplace — we provide customers with outstanding value for their money.

In general, it is illegal for competing companies to form agreements that unreasonably restrain trade. Therefore, employees must never agree with competitors:

- To fix prices or other terms of sale or of purchase.
- To allocate or divide customers or markets.
- To limit products or services.
- On competing bids or solicitation of contracts.
- To boycott a customer or supplier.

Antitrust laws also cover agreements that may restrict labor practices. You must not agree to not hire employees from other organizations unless that agreement is with a service provider under a contract that has been reviewed by Legal.

An action does not always have to be written or even spoken to be considered an agreement for antitrust purposes. In some cases, non-verbal actions, such as saying nothing when inappropriate items are discussed between competitors, can be misconstrued as an agreement.

Other types of conduct that may be illegal in some cases, and require prior review by Legal, are:

- Total requirements contracts.
- Agreements to set wages, benefits or salaries.
- Exclusive dealing arrangements.
- Tying or bundling together different products and services.
- Charging similarly situated customers different prices for the same products at similar times and for similar volumes.
- Non-competition and non-solicitation agreements.
- Directly soliciting wage information from competing employers.

Never discuss with competitors such things as prices, sales or other discounts, who will serve what markets or any other commercial matter on which the parties compete. In circumstances where contact with competitors does occur, such as trade associations, limit discussions to permissible subjects. Before attending any meeting where competitors will be present, be sure to know the antitrust rules well. Always be prepared to state your objection and walk away from meetings and discussions if an inappropriate discussion occurs.

Antitrust and competition laws are vigorously enforced. You must contact Legal immediately if you believe any employee has had inappropriate contact with a competitor, or a competitor has made a proposal that is inappropriate under competition laws.

Questions & Answers

In developing our marketing strategy, it helps to have as much information as we can get on what our competitors are doing. Is it acceptable simply to call our competitors and ask for their price lists or information about their production costs?

No. You should get “competitive information” from the marketplace, such as customers, suppliers and public sources, not from competitors. Any “benchmarking” studies where information will be collected from or given to a horizontal competitor, including a competing employer, must be approved by Legal. This is true whether the study is conducted internally or through a third-party.

Our competitors are often either our customers or our suppliers. What discussions with competitors are proper in a buyer-seller context?

Genuine buyer-seller discussions are appropriate. For example, you may provide a competitor who is a potential customer for a product with information about that product. Take care to limit discussions with a competitor to the products or services you are buying or selling. If possible, limit who participates in the discussion, for example company sales representatives should not be a part of most purchasing discussions. You should not talk about resale prices, margins or which one of you will sell to particular customers. It is a good idea to check with Legal before dealing with any customers or suppliers who are also competitors. Also, consult with Legal before sharing information about or from your customer or supplier with another Koch company that competes with that customer or supplier.

A competitor tells me that “we’re killing each other by trying to take away each other’s long-standing customers with low prices.” She suggests that both firms will be better off if they stick to their own customers. I think that she may be right. How should I respond?

You must not enter into agreements or understandings with competitors to allocate customers, territories or product lines. Such agreements, like price-fixing agreements, can result in criminal prosecution. Even suggestions to competitors to fix prices or allocate customers may result in a criminal investigation. Any offer to participate in such an agreement must be immediately and clearly rejected. Immediately contact Legal to report the competitor’s request.

Next week I am attending a trade association meeting where competitors may be present. If the talk turns to the state of the market and where people expect prices to go, is it acceptable to participate in the discussion?

You should not participate in or remain at a trade association meeting of competitors at which current or future pricing, supply or capacity are discussed. Clearly voice your objection to such discussions, leave the meeting if the discussion continues despite your objection, and report the incident to Legal. There might be instances at larger trade shows where independent third-parties, such as consultants or industry analysts, may permissibly make such presentations, provided they are speaking for themselves and not on behalf of any competitive producer. Your Koch

company may have requirements, such as training or pre-approval, prior to attending a trade association meeting. Contact your compliance and ethics resource or Legal if you are unsure what your Koch company's requirements are.

How about if the association, of which we are a member, wants to collect historical information from members; can we participate?

There are permissible ways for associations to collect historical data. Contact Legal for guidance before providing any company commercial data to an association.

My neighbor owns a small business in the same town in which I'm a plant manager. He commented last night at a neighborhood party that the price of entry-level workers in our town is out of control. He asked me if we'd agree to start our people at the same rate. Can we do that?

No. Just as you cannot agree to fix sale prices, you also cannot agree to set prices on goods or services we purchase with those who purchase similar goods or services. Wages, salaries or benefits are all considered parts of the overall purchase price for labor services.

I have received an email from an industry trade publication asking me to submit historical sales data for my facility. Is it acceptable for me to provide the information?

Any current, future or historical competitive information such as pricing, revenues, costs, capacity, sales or downtime must be approved by Legal in advance. No release of information about future pricing or output will be approved as this may reduce competition if other producers have access to our future plans in the market.

Business Inducements

Sales-related commissions, rebates, discounts, credits and allowances are customary business inducements, but careful attention is needed to avoid illegal or unethical payments and to ensure compliance with various currency exchange controls and tax regulations. Such business inducement payments must be reasonable in value, competitively justified, properly documented and made to the business entity to whom the original sales agreement or invoice was made or issued. They must not be made to individual officers, employees or agents of the business entity, or to a related business entity, and they should only be made in the country of the entity's place of business.

Similarly, commission payments related to company purchases of goods and services should only be made to the seller or provider in the country of their place of business, or in the country in which the product was delivered or service rendered.

Marketing and Advertising

Many of the legal jurisdictions in which our company operates have enacted laws and regulations that apply to marketing, advertising and other promotional materials, and methods to use these materials for promoting the sale of goods and services. We refer to these collectively as “promotional activities.” These laws generally pertain to the truth and accuracy of representations to the public about products and services the company offers. They may also cover practices for comparative claims to competitor products or services, deceptive practices, standards of decency, and requirements to protect the privacy of individuals or personal data. The laws and regulatory practices cover a wide range of representations in any format — written, printed, visual, audio or electronic.

You must ensure that promotional activities are managed in compliance with applicable laws and that promotional activities do not contain:

- False or misleading statements or exaggerations, either visual or verbal.
- Inaccurate testimonials that do not reflect the real opinion of the individuals involved.
- Comparisons that unfairly disparage a competitive product or service.
- Material that could be considered offensive to the potential audience.

You must also ensure performance claims or other product claims in promotional activities are approved by appropriately substantiating and documenting the claims prior to being released outside the company. As always, our company’s intellectual property must be protected and the intellectual property rights of others respected.

Anti-money Laundering Laws

Money laundering is the process by which the proceeds of illegal activities are moved through legitimate businesses and world banking systems to disguise their illegal source. Anti-money laundering internal controls are required to ensure that financial transactions are from a legitimate source and not involved in unlawful activities.

The objective of our anti-money laundering internal controls is to ensure that payments received by the company originate from our customers’ bank accounts or from the bank accounts of the parties related to the transaction and are not otherwise suspicious.

Transactions that appear out of the ordinary, such as payments from unknown sources or to unnamed accounts, cash payments, unusual terms for payment, requests for payments to an unconnected account in a different name or country, urgent unexplained last minute change requests, or using a bank account outside of the company’s place of registration are all warning signs that should be resolved before accepting funds.

We must verify the source of funds and screen the identified source to ensure the transaction is legitimate. This can include obtaining background information, particularly with respect to the source of income, expected level of activity and the reason for the activity.

Customs Laws

Customs laws require the company to determine the correct classification, value and country of origin of all of its imports. These laws apply to intra-company transfers as well as third-party transactions. As an importer, we must be able to demonstrate by a documented, auditable trail that the company exercised reasonable care in ensuring that its imports comply with all applicable laws. This requires, at a minimum, the reporting of accurate and complete information regarding any imported item, its tariff classification, country of origin and customs value. Regulatory obligations may differ based on the facts and circumstances of each transaction. Virtually all countries in which we do business share these requirements.

Export Controls and Trade Sanctions

Many countries, including the U.S., have export controls and trade sanctions that restrict economic activities with specific countries, individuals and entities, and limit the export or re-export of specific items and technologies. This may be for national security, non-proliferation, drug enforcement and general foreign policy reasons. Regulatory obligations may differ based on the facts and circumstances of each transaction. Certain U.S. laws prohibit or limit U.S. persons and companies, including their foreign subsidiaries in some cases, from conducting business with sanctioned countries, individuals and entities.

All counterparties to transactions must be screened to ensure compliance with these laws.

Commodity and Derivatives Transactions

Commodity and derivatives transactions are defined as the purchase or sale of physical commodities or commodity derivatives, including futures, swaps and options. Such transactions are increasingly subject to comprehensive local regulations, even in the case of certain physical forwards. A single transaction involving counterparties or activities in certain jurisdictions may subject the company to regulation there. Pre-transaction due diligence is therefore key to ongoing compliance.

Reporting prices to anyone external for commodity or derivatives transactions is governed both by commodity and antitrust laws, as well as company standards. You may not report prices to any external party unless you have received the appropriate training or guidance and have been given specific authority to do so.

Anti-boycott Laws

Our company conducts business in many countries. Some of these countries participate in an international boycott of another country, which the U.S. does not support. In those situations, most prominently regarding the Arab League boycott of Israel, the U.S. prohibits U.S. persons from participation in such boycotts and imposes tax penalties on U.S. persons whose foreign subsidiaries participate in such boycotts.

These laws and regulations are extremely complex and technical in nature and require that employees review all commercial documents to ensure that they do not contain any request to participate in a boycott not sanctioned by the U.S. government, especially one involving the State of Israel or Israeli nationals. Commercial documents, such as letters of credit, vessel charters, purchase orders and general terms and conditions could contain prohibited boycott requests. The company may have an obligation to report boycott requests to the U.S. government. All employees must immediately inform Legal of any requests received to engage in improper boycotting activity.

Questions & Answers

May I provide a certificate of origin, required by my customer in the United Arab Emirates, confirming that none of the components in our products to be supplied are of Israeli origin?

This may be a violation of U.S. anti-boycott law if you provide such confirmation, called a “negative certification.” Such a request must be reported to the U.S. government. Anti-boycott laws are very complex. You must consult Legal if you receive such a request.

About the Code of Conduct

The Code of Conduct cover features a world in motion, symbolizing the changing and often unstable and uncertain nature of global business. Clarity increases near an arrow that points north, signifying the Code's role in creating consistency and stability to achieve Koch Industries' vision. The steady band of Koch companies, centered within the illustration, represents our shared commitment to conduct business in an ethical and compliant manner everywhere we operate.

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