

WÖRWAG

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WÖRWAG CORPORATE POLICY

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FOREWORD

For almost 100 years, we have been a family-run manufacturer of coatings, with outstanding customer service. Again and again, our cutting-edge coating systems set benchmarks in terms of technology, cost efficiency and aesthetics.

To ensure that the business continues to thrive, we need to clearly define our goals. And we need to assign roles and responsibilities in a transparent, straightforward way. Our corporate policy creates a framework for the management team, enabling them to set goals for the development of strategy and day-to-day operations.

The advisory board liaises between the owners and the management board. It oversees and advises the management board, and is answerable to the owners at the shareholders' meeting. We hope that this corporate policy will assist us to remain a valuable and attractive partner for our customers.

The owners



1. WHO WE ARE

Custom coatings are our business. We have a deep understanding of surface finishing – and it shows.

We repeatedly raise the bar in terms of technology, cost efficiency and aesthetics. We never settle for second best. We enjoy an excellent reputation in the markets and regions that we serve.

Our portfolio comprises tailored products and services for our customers and business partners, giving them superior solutions. We are there whenever we are needed – we see our role as being a reliable partner. We have a wealth of knowledge at our disposal, enabling us to deliver the best results and the greatest benefits for customers.

As a family owned and operated company, we symbolise the combination of tradition and innovation. We look to the long-term, focusing on the soundness and viability of our company. Thanks to our extensive experi-

ence, our skills and our dedicated, reliable workforce, we can maintain our outstanding image among our customers. This conviction influences the way we work and do business, and it underpins our high expectations of ourselves.

There are three bodies that manage Wörwag: the shareholders' meeting, the advisory board and the management board.

While the shareholders influence company policy at the highest level, the management board is in charge of strategic and operational matters. In this role, the management board receives guidance and supervision from the advisory board, which comprises internal and external experts. This advisory board reports to the shareholders' meeting at regular intervals.



2. WHERE WE ARE HEADING

Customer satisfaction is the cornerstone of our successful business. To this end, we are constantly striving to improve our performance, to increase the benefits for our customers and strengthen our relationships with them. This helps customers, employees and suppliers alike, generating long-term added value for our shareholders.

We seek genuine partnerships with our customers, employees and suppliers, and maintain professional relationships with our competitors.

We know that it is impossible to predict what tomorrow will bring. But if we have clear goals we can actively shape our own future. Our goal is to position ourselves on all relevant markets as the leading provider for paint and coatings technology, on the basis of our innovative, reliable and high-quality solutions. And we want to keep strengthening that position.

We specialise in powder and liquid coatings. Today, these form our core business: we are committed to steadily improving our market position. This does not exclude the possibility that, within the scope of our strategy, we might expand into other fields of business – expanding our portfolio for existing and new customers.

We want our customers to see us as the best. Because we believe that growth is the result of outstanding quality – something that customers can actually observe and appreciate. By quality, we don't just mean the technical characteristics of the product and how it is processed. Quality also includes a comprehensive service offering and the image that customers associate with our brand.

Customers' confidence in our abilities and our continuously improving market position ensure solid growth – and above-average profitability. Tradition is not only a source of pride: it is the foundation on which we build and innovate.



3. HOW WE MEASURE OUR PERFORMANCE

3.1 MARKET LEADERSHIP

We are a local company with a European focus. But we will serve our customers in other continents, if there are sound financial reasons to do so.

We concentrate on markets with long-term prospects: Our goal is to establish a stable, profitable, leading market position.

The size and growth rate of our company is aligned with goals of ensuring sustained viability and meeting demand in our target markets. In other words, size and growth are not ends in themselves. The growth of our business needs to fulfil two conditions: on the one hand, we need to take all necessary steps to exploit opportunities on the market; on the other, this should not risk the existence of the company.

3.2 INNOVATION

We are a market leader – but we are also a leader in terms of technology. And we want to stay that way. We develop new products for our customers, and our consulting services help customers to achieve the best possible coating results in business and technical terms. Continuous product and process innovations are a key part of our strategic and operational activities.

Accordingly, our R & D department is of key importance: it plays a pivotal role in the development of tailored solutions for customers. In addition, our own inventions are a crucial investment in the future of our company.

3.3 PRODUCTIVITY

For us, productivity equals competitiveness. High productivity is the only way to guarantee that we can deliver our services at a competitive price. We want to offer customers tailored solutions that deliver value for money, with specific benefits. When measuring productivity, we look at the performance of our employees as well as the investment of our capital.

3.4 ATTRACTIVENESS FOR TALENTED EMPLOYEES

In addition to customers, our employees are another cornerstone of our business. We recognise our social responsibility and take the interests of our employees seriously. We help them develop their knowledge and skills through further professional training. Roles and responsibilities are structured so that each and every employee is able to achieve their own ideal work-life balance. In return, we expect every employee to dedicate themselves and work to the best of their abilities.

As an industry leader, we place great importance on professional management and the attractiveness of our company for talented employees. Our staff is consistently appointed, promoted and trained on the basis of their abilities and strengths. We want to be an organisation with a mission, results and reputation that its employees can be proud of. As a result, employees will be able to identify with the company, strengthening their motivation.

We value mutual trust between supervisors and team members. Fairness and respect characterise the relationships between our employees. These factors are crucial to maximising our performance, skills, quality and market leadership.

3.5 CASH FLOW / LIQUIDITY

Given that the viability of our company is our main priority, sound financial management is especially important. We ensure that we minimise liquidity risks and stay solvent at all times.

3.6 PROFITABILITY

We offer customers concrete benefits and significant value add, and we are well-run. That is reflected in the profitability of our company.

Healthy profits enable us to maintain our independence, make necessary investments and keep jobs secure.

Our shareholders expect a reasonable return on their capital. Our policy regarding the withdrawal of capital and the payment of dividends is based on the company's articles of association and the continued existence of the company: both the shareholders and the company are committed to long-term stability.

We do not wish to become dependent on any customers or suppliers. The same applies to our risk management: if we knowingly accept any risks, we ensure that we are paid accordingly. As a family owned and operated company, we do not make any decisions that could jeopardise the existence of the company.



4. *WHAT WE STAND FOR*

4.1 *CUSTOMER FOCUS*

Our customers are the reason why our company exists. We work for and with our customers to develop the best solutions as quickly as possible. We are aware that our customers, by requesting and paying for our services, are the cornerstone of our company. Accordingly, we always view our actions through the prism of delivering maximum benefits to the customer.

4.2 *QUALITY*

Quality – as it is perceived by customers – is how we turn our vision and potential into reality. Quality is not restricted to the product or services bought by the customer, but extends to support, the conduct of our employees and the image of our brand.

We expect every employee to contribute to this customer-focused quality – even if they are not in direct contact with customers. This includes our day-to-day work on the continuous improvement of our products and processes.

4.3 DEDICATION

We want to be a preferred partner for our customers. Our goal is to provide the best possible service. Our strategy, organisational structure and corporate culture are focused not just on maintaining the current level of service – but also expansion and optimisation. Each and every employee is committed to providing excellent customer service, and making it their personal responsibility. Our partners can be confident that they will receive the best possible support.

We demand nothing but the best from ourselves. Managers meet with employees to set ambitious goals and support their efforts to reach these goals.

Each and every employee is called upon to develop professionally and personally. We expect every employee to be prepared to do just that.

4.4 INNOVATION

We are driven by the desire to use our extensive experience, enabling us to develop fresh and exciting approaches. We are constantly looking for new and better products and processes, so that we can offer our customers next-generation solutions.

Only by being willing and able to innovate can we continue increasing our competitive edge. We can proudly say that we develop tomorrow's paints and coatings today.

4.5 TRANSPARENCY, FAIRNESS, DECENCY

We take a professional approach to everything. That encompasses all our activities, both internal and external.

In our relationships with one another, but also with our suppliers and customers, we act appropriately and respectfully at all times. We are frank and fair in our dealings. We are open to dialogue, which we conduct with tolerance and mutual respect.

4.6 ECO-FRIENDLINESS

We are committed to sustainable business practices that help to protect the environment. We acknowledge this as a particular responsibility of our industry. We avoid polluting the environment and take all necessary steps to realise our environmental strategies and goals, without being obliged to do so by legislation or regulators.

4.7 REGIONAL ROOTS

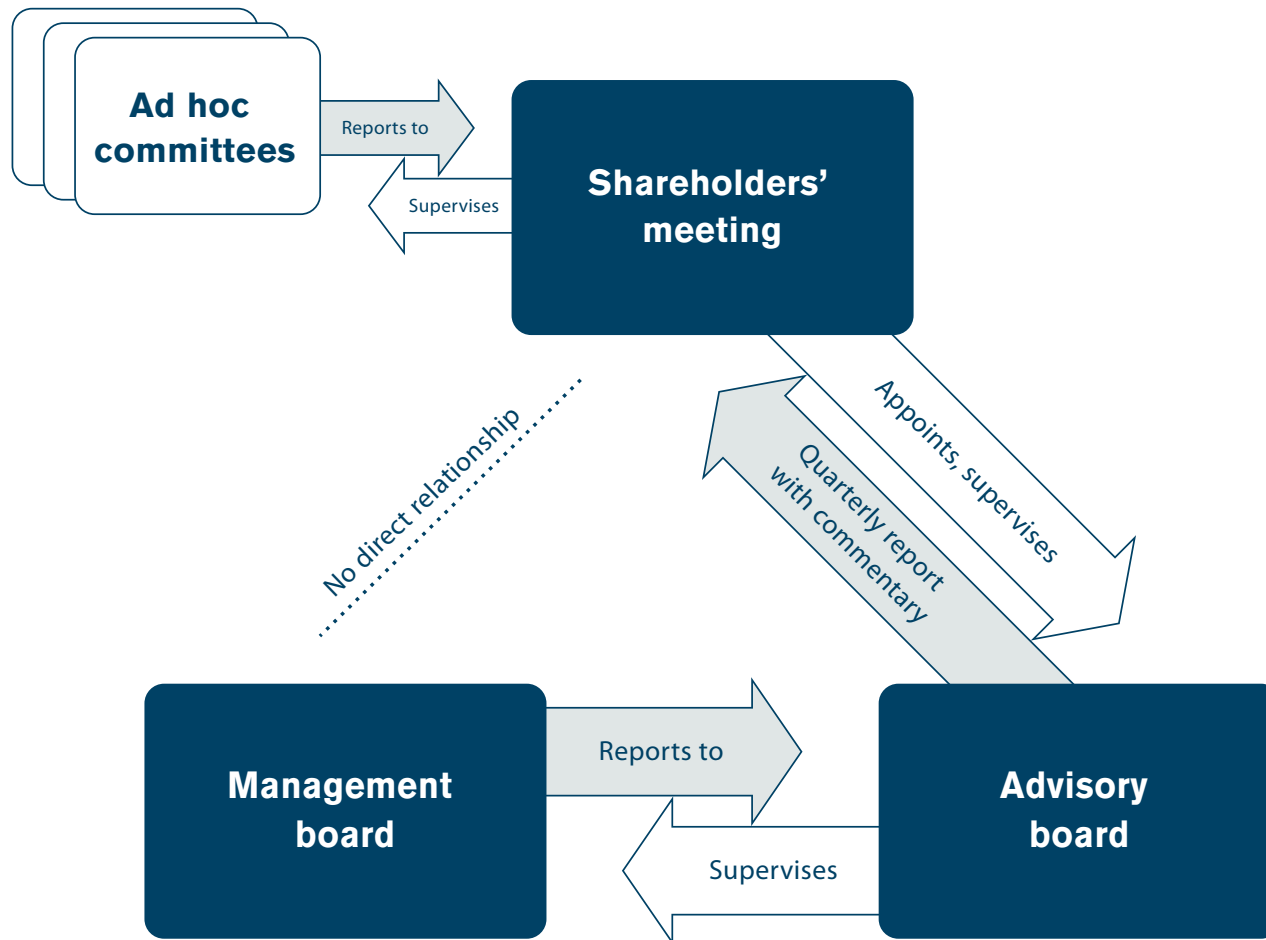
For Wörwag, an international outlook does not necessarily mean geographical presence. Instead, we see it as a comprehensive understanding of the circumstances, trends and requirements in our industry around the world.

As a family owned and operated company, we have a special relationship with the region where our company was founded and is still based, around the city of Stuttgart in southern Germany. That does not mean that we will not serve customers outside this region with the same dedication. On the contrary: our customers around the world can count on us.

Yet our headquarters are and will remain in Stuttgart.



WÖRWAG ORGANISATIONAL STRUCTURE



KEY TERMS

OUR AIM

Our core competency is custom coating technology for our customers. We want to be nothing but the best, from our customer's perspective.

SUPERVISION

This is provided by the shareholders' meeting and advisory board. Their role is to ensure the long-term viability of the group. This comprises not just short-term profitability, but also sustainable progress during the years ahead. Significant corporate decisions require the permission of these bodies.

ADVISORY BOARD

This body supervises the company. The advisory board is comprised of people with integrity, extensive business or engineering experience and /or a large network, who provide comprehensive support to the management board and owners. The advisory panel assesses significant corporate decisions from an independent perspective and ensures the stable growth of the company.

CORPORATE MISSION

This is the connection between our corporate policy and strategy, and is developed by the management board. Our corporate mission describes the specific tasks and responsibilities of the corporate group, derived from both the goals set out in the corporate policy and the key thrusts of the strategy. The corporate mission and strategy are reviewed by the advisory board and fine-tuned in coordination with the management board. Subsequently, they are presented to the owners for final approval.

SUCCESS

This means reaching our goals. The goals set out in our corporate policy are grouped into six categories, which together ensure the long-term viability of the company: liquidity, profitability, productivity, market leadership, innovation and the attractiveness of the company as an employer.

FAMILY COMPANY

The company is now belongs to the fourth generation of the Wörwag family. As a family owned and operated company, we have particular values and a special responsibility to our customers and employees. We prize our independence and take a long-term view. We have our own unique identity, which customers and employees can identify with. Members of the family do not necessarily occupy management positions.

MANAGEMENT

The main role of management is to follow the corporate policy and successfully implement the corporate mission and strategy, with specific, tangible results.

The management board has primary responsibility for the management of the company. Along with department managers, the management board comprises the company's top level. Outstanding, up-to-date and sustainable management at all levels of the company is a key success factor. The relationship between the management board and department managers is a normal supervisor-employee relationship, with activity from the top down and from the bottom up.

SHAREHOLDERS' MEETING

This supervises the company, and sets the tone for the management of the company at the highest level. It has no direct connection to strategic management or day-to-day operations. The advisory board reports to the shareholders' meeting on a quarterly basis. At the request of the owners or advisory board, the managing directors are invited to the shareholders' meeting in regard to certain topics.

The shareholders' meeting can only exercise its powers as a whole, but specific activities can be referred to ad-hoc committees. Family members who are part of the shareholders' meeting can also take on roles in the advisory board or company. These members are appointed to roles on the advisory board by the shareholders' meeting, and to roles on the management board by the advisory board and management board.

CORPORATE ETHOS

The values that we stand for. These set us apart from other companies and shape our perception of what we are about both at the corporate level and as individual employees.

SUSTAINABILITY

Sustainability is a key element of our approach. To draw an analogy with biology, anything that an organism can create by itself is sustainable.

POTENTIAL

What we can achieve. This can be broken down into two challenges: current potential, which can be realised in the short term, and future potential, which must be built up over time. We need to exploit any potential that helps to ensure the long-term viability of the business.

STRATEGY

Where we want to go. Based on our corporate policy, which offers a normative framework, our strategy responds to the challenges set by our competitors and identified by our analyses. It defines the areas where we deliver on our mission of being the best. In more concrete terms, our strategy comprises the company's key thrusts and the corresponding business plans. These key thrusts are condensed and expressed in our corporate mission, which links the corporate policy and strategy.

The management board is responsible for defining and developing our strategy. The advisory board must formally approve any strategic decisions within the scope of its official responsibilities.

STRUCTURE

How our company is organised. We pool our knowledge and skills and leverage our strengths in concert.

TRADITION

Tradition is important to us. In our view, our decades of experience have laid robust foundations on which we can build even better solutions tomorrow. By tradition, we draw on our shared values, our strong regional ties and our prudent approach to risk. We want to preserve the viability of our business, and do not pursue risky experiments.

CORPORATE POLICY

The source of all our activities. This defines our aim, our clear, concrete goals, our organisational structure, our ethos and our corporate mission.

In a nutshell: The corporate policy is the normative framework which is set by our shareholders' meeting and which guides our actions.

VALUES

These values are shared by all – they define our identity and embody our corporate ethos. The current and future success of our business depends on them.

GOALS

What we have to fulfil to ensure our company remains economically healthy and independent over the long-term. Our goals are not just focused on short-term success. The latter is essential if we are to survive. But at the same time, we need to align our business to our long-term potential, to keep going from strength to strength in the future.

FUTURE

We see the future not as a threat, but as an opportunity.

WÖRWAG

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