



June 2011

## Message from Dresser-Rand Leadership:

Dear Supplier:

Dresser-Rand is pleased to present to you our Supplier Code of Conduct (“Supplier Code”). This document outlines our clear expectations for how we expect our suppliers to conduct business with Dresser-Rand. The development of this Supplier Code is an important step for our supply chain. We have a responsibility to our shareholders, employees, and business partners to be clear on our expectations in several key areas:

- Safety
- Environment
- Legal Compliance
- Business Gifts
- Conflicts of Interest

Please review this Supplier Code in detail. All Dresser-Rand suppliers are expected to adhere to the Supplier Code. This Supplier Code is designed to support Dresser-Rand’s process for identifying suppliers that demonstrate a firm commitment to safety, ethics, the environment and continuous improvement. We strive to utilize only those suppliers who can adhere to the Supplier Code and who can provide us with world class goods and services with the lowest total cost of ownership, best on time delivery, shortest lead-time, exceptional quality, unique capability, and a high level of customer responsiveness.

This Supplier Code clearly outlines Dresser-Rand’s expectations concerning the supplier relationship. We are committed to providing a solid basis for our relationship built on the principles of law, fairness, and efficiency. As such, Dresser-Rand expects suppliers to follow a strict code of conduct based on adherence to all applicable laws and regulations with respect to conducting business. These expectations must also be followed by our suppliers’ employees and sub-tier suppliers.

Sincerely,

Kenneth R. Marcia  
Vice President, Supply Chain Management & Process Innovation  
Dresser-Rand

## Supplier Code of Conduct Dresser-Rand's expectations and commitment

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### **Overview**

Dresser-Rand requires all employees, officers and directors to act responsibly, professionally, and ethically in all business relationships. To that end, Dresser-Rand has adopted a Code of Conduct that must be adhered to. This Supplier Code is based on the principles in Dresser-Rand's Code of Conduct. Key principles include the following: complying with all applicable laws, rules, and company policies; avoiding actual and apparent conflicts of interest; maintaining confidentiality of non-public information; keeping accurate records; dealing fairly with the competition and suppliers; continually striving to maintain a discrimination and harassment free environment; and mandatory reporting of violations of these Codes. The Supplier Code is based on these principles.

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### **Supplier Code of Conduct**

Suppliers represent a critical component of Dresser-Rand's performance and value proposition. As our relationship grows and matures with certain suppliers, we expect our suppliers to evolve to better fit our enterprise. Suppliers that cannot or will not adhere to this Supplier Code may be disqualified as a Dresser-Rand supplier.

**Compliance with Laws, Rules and Regulations:** Suppliers must comply with all applicable laws, rules, and regulations of the places where they do business. If any law, rule or regulation conflicts with this Supplier Code, the Supplier should bring such conflict to the attention of Dresser-Rand.

**Health, Safety, and Environment:** Suppliers must be committed to provide safe working conditions and a healthy work environment. Suppliers must act with care and respect for both the environment and the people who live in the communities where they conduct business. Suppliers must follow all applicable safety, health and environment laws, regulations, rules and practices, including providing a workplace free from violence and the influence of illegal drugs or alcohol.

**Business Entertainment and Gifts:** Suppliers may use lawful, legitimate and reasonable business entertainment and gifts for the purpose of creating goodwill and sound working relationships, not to gain unfair advantage. However, depending upon circumstances, Suppliers that provide business entertainment or gifts deemed inappropriate may be disqualified as a Dresser-Rand supplier. No

## **DRESSER-RAND**

Dresser-Rand employee or family member may offer, give, or accept any gift or entertainment unless it:

- Is a non cash gift
- Is consistent with customary business practices
- Is not excessive in value (typically less than \$100)
- Cannot be construed as a bribe or payoff
- Does not violate any laws or regulations

Examples of violations: Supplier sends a buyer a \$500 gift card at the holidays. Supplier offers to fly SCM Director and buyer to its facility on private jet at no cost to Dresser-Rand. Consultant offers Dresser-Rand senior staff court side seats at a professional basketball playoff game.

**Conflicts of Interest:** Suppliers and their employees must avoid creating actual or apparent conflicts of interest. Conflicts of interest can arise when a supplier takes an action or has an interest that may make it difficult for the supplier to engage in legitimate business transactions. Conflicts of interest also arise when a supplier, a supplier's employee, or a member of his or her family, attempts to obtain improper access to Dresser-Rand or personal benefits (including loans, guarantees of obligations or acquisitions of interests in transactions involving Dresser-Rand or its clients or suppliers) as a result of his or her position with the Supplier. If you believe that a transaction, relationship, or other circumstance creates or may create a conflict of interest, you should promptly report this concern to Dresser-Rand.

An example of a conflict of interest is conduct which results in the supplier competing against Dresser-Rand in any business activity, a supplier causing a Dresser-Rand employee to misuse Dresser-Rand's resources, or conduct which influences a Dresser-Rand employee to take action not in the best interests of Dresser-Rand that such employee otherwise would have avoided.

Case example: Supplier sales manager has and maintains an undisclosed familial relationship with a Dresser-Rand employee who has decision making power.

Potential conflict of interest may be reviewed for advance clearance by Dresser-Rand's Vice President, Supply Chain and Process Improvement to the extent a potential conflict involves a D-R Officer, then by the Company's Chief Executive Officer.

**Record-Keeping:** Suppliers must accurately record and report information in order to make responsible business decisions. All business expenses should be documented accurately and books, records, accounts, and financial statements should be maintained in reasonable detail, appropriately reflect transactions with Dresser-Rand, and conform both to applicable legal requirements and to its system of internal controls. Suppliers shall make such books, records, accounts and financial statements available to Dresser-Rand upon its request.

**Insider Trading:** Suppliers may not trade in Dresser-Rand stock on the basis of non-public information concerning Dresser-Rand, nor “tip” others who may trade in Dresser-Rand securities.

**Competition and Fair Dealing:** Suppliers must deal fairly with Dresser-Rand’s clients, suppliers, competitors and employees. Suppliers must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information or any other unfair practice.

Suppliers must not engage in unethical or illegal business practices such as stealing proprietary information, misrepresenting important facts, possessing or using trade secret information that was obtained without the owner’s consent, or inducing disclosure of this type of information by past or present employees of other companies.

**Discrimination and Harassment:** Suppliers must refrain from all forms of unlawful discrimination and harassment in the conduct of its business. Suppliers shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, or marital status in hiring and employment practices such as promoting, rewards, and access to training. Examples of prohibited discrimination and harassment include making derogatory comments based on racial or ethnic characteristics, age, or sex, creating a hostile work environment and engaging in unwelcome sexual advances and similar behaviors.

**Confidentiality:** Suppliers must strictly adhere to all confidentiality obligations. Confidential information includes proprietary information such as trade secrets, know-how, business and marketing plans, sales forecasts, engineering and manufacturing ideas, designs, innovations, databases, records, supply chain information, salary information, and unpublished financial data and reports, as well as any non-public information that might be of use to competitors or harmful to Dresser-Rand or its clients if disclosed. Suppliers must ensure the confidentiality of confidential information continues even after the Supplier / Customer relationship ends.

**Protection and Proper Use of Company Assets including Intellectual Property:** Suppliers must protect, preserve and return upon request, all material, supplies and equipment, and intellectual property and technology provided to Suppliers in connection with a work order. All such assets, including engineering drawings, funds, materials, and know-how shall be used only for the purposes specified in the applicable work order.

Examples: Drawings, IT software and equipment, and patterns.

**Import/Export Customs Controls:** Suppliers must comply with all applicable import and export laws, regulations and requirements for those countries where



they are conducting business. It shall be the suppliers' responsibility to provide accurate information and documentation upon request for all applicable shipments.

Specific requirements will be identified in purchase orders issued by Dresser-Rand. Acceptance of a purchase order assumes that the supplier understands and accepts responsibility to provide the requested information and or comply with the applicable laws and regulations, which may include, but not be limited to, areas such as:

- o HTS Coding (including US Customs requirement)
- o Country of Origin marking (including US Customs requirement)
- o NAFTA Certificates (including requirement for Intra-North American shipments)
- o 10+2 Filings (US Customs requirement for Ocean)

**Payments to Government Personnel:** Suppliers must at all times comply with the U.S. Foreign Corrupt Practices Act and all other applicable laws related to preventing bribery. Specifically, Suppliers may not give, promise to give, or offer to give, anything of value, directly or indirectly, to governmental officials, political candidates, or political parties in order to obtain or retain business. Commercial bribery or kickbacks are also strictly prohibited.

**Reports of Illegal or Unethical Behavior:** Suppliers are required to report to Dresser-Rand any behavior which is deemed contrary to this Supplier Code. Suppliers should report concerns to its Dresser-Rand SCM contact and or the SCM Leadership Team. If contacting SCM is not a viable solution, then the D-R Ethics Hotline or website may be used to report inappropriate behavior (details provided below) . This tool should not be used to report commercial or legal disputes involving suppliers and Dresser-Rand. Suppliers should resolve all such issues pursuant to the terms and conditions in the applicable agreement.

To the extent possible, Dresser-Rand will keep all reports made in confidence as confidential and will not allow retaliation for good faith reports of possible misconduct by others. Suppliers shall cooperate in investigations of alleged misconduct.

Examples:

- 1) Dresser-Rand employee asks for money and/or gifts in exchange for awarding business. This should be reported.
- 2) Dresser-Rand employee offers personnel of supplier favors in exchange for preferred pricing. This should be reported.
- 3) Employee of supplier shares Dresser-Rand's blueprints with a Dresser-Rand competitor. This should be reported.
- 4) Supplier has an dispute with Dresser-Rand concerning an issue with late payment of an invoice. This situation should be handled pursuant to the



terms and conditions in the applicable agreement (e.g. Purchase Order terms and conditions).

**Management of Sub-Suppliers:** Suppliers must manage their sub-tier suppliers in accordance with the same principles outlined in this Supplier Code of Conduct.

**Supplier Diversity:** Supplier diversity is a very important part of Dresser-Rand's business strategy and global priorities. It is a part of our business process which seeks to diversify our supply base. Our focus is on enhancing a corporate supply chain that reflects the diversity of the communities and countries in which we work.

At Dresser-Rand, developing mutually beneficial business relationships that produce value to our company and our clients is paramount to our success.

We encourage our suppliers to identify and develop qualified and capable minority and small disadvantaged businesses. Our customer base includes entities that require this as a condition of doing business and therefore Dresser-Rand expects suppliers to be aware of and to promote this initiative wherever feasible.

**Dresser-Rand Global Purchasing Policy:** Dresser-Rand is governed by a Global Purchasing Policy which clearly defines the requirements for competitive bidding, authorization levels for the execution of supplier documents including Mutual Confidentiality Agreements, Supplier Agreements and Purchase Orders. It is Dresser-Rand's stated policy that SCM generally owns the responsibility for executing agreements and purchase orders, and as such, is the only authorized signatory. For all applicable orders greater than \$1,000, only a duly authorized purchase order and or a written agreement authorized by Dresser-Rand's Vice President of Supply Chain Management or his approved designee(s) shall constitute a written authorization to provide goods and or services to Dresser-Rand and as such constitutes a commitment between Dresser-Rand and a supplier. Invoices received without reference to a valid purchase order or authorized written agreement, will not be authorized for payment.

Additionally, we encourage each supplier who receives a Purchaser Order from Dresser-Rand to review its details including attachments. Typical attachments include the D-R195 standard terms and conditions, shipping instructions, and for government related orders D-R192. As these documents are updated periodically, it is important to review those regularly. Any questions should be addressed with D-R's Supply Chain Management team.

**Dresser-Rand's Commitment to Suppliers:**

Dresser-Rand promises to adhere to its own Code of Conduct in its dealings with suppliers. Please note that suppliers should not accept verbal requests as



authorized orders to perform work or provide a service. A formal purchase order or letter of intent must be sent for work or services to be performed. Dresser-Rand maintains a strict global purchasing policy that clearly outlines when competitive bidding is required and who is authorized to make commitments on behalf of Dresser-Rand. In general, the authority to make a purchase commitment resides solely with Dresser-Rand's Supply Chain Management organization.

For those suppliers who meet the high standards required to become a Dresser-Rand supplier, Dresser-Rand requests your cooperation to mutually hold each other accountable. Dresser-Rand wants to be recognized as your customer of choice and welcomes open and honest feedback.

Respectfully,

SCM Leadership Team