

# **STANDARD MOTOR PRODUCTS, INC.**

## **CORPORATE CODE OF ETHICS**

### Chairman's Introductory Letter

Dear Standard Employee:

Every Standard employee can be proud of what Standard has achieved during the past few years. Through the efforts of the whole Standard team, we are well on the way to creating the aftermarket's greatest company.

Such success in turn makes us proud of the reputation that Standard enjoys. Reputation is not built simply on great financial results. It includes the very basis of who we are and how we act. Above all, it reflects our adherence to the very highest standards of business and personal behavior in everything we do.

This policy statement is designed to help our employees know what is expected of them. Much of it is common sense; some of it is new; all of it is vital to ensuring we conduct ourselves in a manner befitting a truly world class organization, in which an unswerving commitment to integrity and mutual respect are key hallmarks.

Please read this policy statement carefully and let it be your guide to how Standard expects its employees to act. If you have any questions about any aspect of it, you should feel free to raise the matter directly with me.

Larry Sills  
Chairman and Chief Executive Officer

## **A. Our Ethical Code**

### **1. Introduction**

The Standard Policy sets out Standard's commitment to good business practice and ethics to which the Board of Directors expects all employees to adhere. In the policy, references to "Employees" should be read as inclusive of all directors, officers and employees of Standard. The Standard policy is to require all employees to conduct themselves appropriately to avoid improper behavior or even the appearance of improper behavior. Honesty, ethical conduct and integrity are expected of all employees at all times.

Standard is committed to complying with all applicable governmental laws, rules, regulations and accounting standards. If a law, regulatory requirement, local custom or practice appears to conflict with the policy set out, you should speak to your Manager or the Vice President of Human Resources on how to best resolve the situation. Standard does not expect employees to know all the details of all laws and regulations, but it is important that each employee knows enough to determine when to seek advice from their Manager or the Vice President of Human Resources.

### **2. Relationships**

#### **a) Clients, Suppliers and Prospects**

Employees should at all times act in good faith in business dealing with suppliers, customers and prospects. Generally, employees should:

- Not misrepresent in any way the cost of the product and/or any services provided to the customer.
- Not disclose confidential information to any third party without the explicit consent of the information owner unless required to do so by law or regulatory notice.
- Compete vigorously and with integrity.
- Treat all customers and suppliers honestly, fairly and objectively.
- Avoid any unfair or deceptive practice and always present our services and products in an honest and forthright manner.
- Make clear to all suppliers that we expect them to compete fairly and vigorously for our business, and endorse the principles in our Code of Conduct. We will select our suppliers strictly on merit.
- Comply with all laws prohibiting agreements with competitors to: fix prices or other sales terms; divide or assign sales territories, customers or product lines; or coordinate bids and agreements with customers to fix their resale prices.

## **b) Corporate Communications**

Standard, in accordance with the corporate governance principles to which it is subject, will be transparent in its corporate communications which will be full, fair, accurate, timely and understandable. Further, those employees particularly involved in the preparation of corporate communications, including financial statements and documents filed with the Securities and Exchange Commission are required to comply with this communications policy.

## **c) Conflicts of Interest**

A “conflict of interest” will exist when an employee’s personal interest interferes in any way with the interests of Standard or that of its customers. A conflict situation will arise when an employee takes actions or has interests that may make it difficult to perform his or her work for Standard objectively and effectively.

A conflict situation may also arise when an employee or a member of his or her immediate family receives inappropriate personal benefits, including those not necessarily giving an economic benefit, as a result of his or her position in Standard. See also “Gifts and Hospitality” section below.

Conflicts of interest may not always be clear-cut and if you have a question, you should speak to your Manager or the Vice President of Human Resources.

## **d) Employees**

### **i. General**

Standard’s relations with employees are based on respect for the dignity of the individual. Standard recruits and promotes employees on the basis of their suitability for the task without discrimination in terms of race, religion, national origin, color, gender, age, sexual orientation, marital status or disability unrelated to the task at hand or on any other inappropriate or unlawful basis.

Standard in return expects employees to adhere to the principles of ethical behavior and good business practice set out in the policy. Further it expects employees to be aware of and abide by the policies set out in the appropriate staff handbooks, which can be obtained from your local HR representative.

### **ii. Other Appointments and Directorships**

Employees are expected to use all their efforts to fulfill their duties and obligations to Standard. No employee (except for Outside Directors of the Company) will serve as a director, officer, employee or consultant of a company or entity that is not part of Standard unless the Chairman or Vice President of Human Resources has granted permission. An employee may act as a Standard representative on a trade association

or similar organization or where the organization involved is a non-profit, civic, educational, social or religious organization, and prior disclosure has been made to the Vice President of Human Resources.

iii. Property Speculation

No employee or member of his or her immediate family may directly or indirectly invest in property which the employee has knowledge of Standard's interest or possible interest.

iv. Loans

No employee should borrow or lend money from or to any individual or firm with which Standard conducts business. This policy does not include loans on normal terms from a commercial bank or broker offered to an employee in the ordinary course of business where the employee becomes a normal private customer.

v. Protection of Group Assets

All employees should endeavor to protect Standard's assets and ensure their efficient use. No employee should use, or permit others to use Standard's facilities, material, equipment or personnel for personal use or gain. Any suspected incident of fraud or theft should be reported immediately for investigation.

It should be remembered that assets belonging to Standard include proprietary information such as trademarks, trade secrets, patents and copyrights, as well as marketing and service plans, designs, databases, records and any unpublished financial data and reports. Unauthorized use or distribution of this information is not permitted, and employees should note that such use or distribution could be illegal and result in civil or even criminal penalties, as well as internal disciplinary action.

vi. Use of Company Name

Standard owns the rights to use its name. The use of any Standard Company name is restricted solely for the conduct of Standard's business. No employee should use, or permit to be used, any Standard Company name for any other business, political activity or other activity not connected with Standard business. Use of the "Standard" name by a third party can only be authorized by the Chairman or Vice President of Human Resources.

vii. Confidential Information

Employees must maintain the confidentiality of proprietary or confidential information entrusted to them by Standard or its customers except when disclosure is authorized by management on the basis that such disclosure is required by law or an appropriate regulator.

The term “confidential” or “proprietary information” relates, but not exclusively to:

- Standard business strategies.
- Contracts, negotiations or arrangements with other parties.
- Proposed transactions such as acquisitions or dispositions of stock or assets by Standard.
- Financial, accounting and cost information not publicly disclosed by Standard.
- Employee benefits or other compensation arrangements or agreements not otherwise publicly disclosed by Standard.
- Operation manuals, prospecting manuals and guidelines, sales aids, industry specific research and manuals, marketing manuals and sales and marketing techniques of Standard.
- Computer based tools or models.
- Past and present customers of Standard as well as the persons, firms and companies whom are active prospective customers.

For the purpose of this policy, confidential information shall include, in addition to specific categories set out above, any information developed by or related to Standard that is not officially disclosed by management through established channels of communication which would be useful to others, including those:

- Competing with Standard
- Supplying services or goods to Standard

## **e) Policy for Dealing in Securities**

### **i. Introduction**

Standard securities are listed on the New York Stock Exchange and Standard is subject to the Securities Exchange Act in the United States. As a consequence, Standard is required to have a policy for dealing in securities particularly as it relates to individual employees who may have access to “material inside” information.

Generally speaking, what constitutes “inside” information is information that is “non-public.”

Information is “material” if it has market significance in the sense that the disclosure of such information is likely to affect the market price of the securities to which it relates. Typical examples of such information are a company’s financial results or a major corporate transaction, such as a merger or large acquisition. Non-public information is not material if there is no substantial likelihood that its public disclosure would have any significant market effect.

Standard has therefore adopted a policy for dealing in securities.

## ii. Our Policy

No employee should deal in Standard securities if he or she is in the possession, by reason of his/her employment, of “material inside” information. Further, no employee should share with a third party (including immediate family members) “material inside” information that is “non-public,” with the intent of the third party buying securities in Standard, either for an employee or any member of his or her family or with the expectation that the employee will benefit from sharing the said information.

Further, employees should take care in dealing in Standard securities in the periods before Standard announces its earnings, as this is considered to be a sensitive time for such transactions. The current periods prior to the announcement of earnings are:

- From 15 December until two trading days after the publication of Standard’s annual results, e.g., normally early March.
- From 15 March, 15 June and 15 September until two trading days after the announcement of Standards results for prior relevant quarter, i.e. normally at the end of April, July and October.

Employees who breach the Standard policy will be subject to appropriate Standard disciplinary proceedings. In addition, a breach could result in criminal or civil proceedings being brought against the employee by regulatory authorities.

“Standard Securities” for purposes of the policy means the common stock of the corporation, means any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion right to another Standard security.

## iii. Additional restrictions on Standard Directors and Officers

Standard Directors and Officers are subject to certain other restrictions before they can deal in securities of Standard. All covered individuals will have been separately advised of these restrictions.

## iv. Queries

Given the potentially severe criminal or civil consequences to employees of a wrong decision, employees who are uncertain whether any information they possess is “material inside” information or whether they should deal in a period prior to the announcement of Standard’s earnings should contact either the Vice President Finance or Treasurer for advice before completing a transaction.

## f. Regulators

Standard will comply with the rules and requirements of all the regulators to whom it is subject and will, on the advice of its advisers, comply with any requests for assistance or information.

Standard will not engage in restrictive trade practices or abuse any position of dominance. Standard will not seek to evade its fiscal obligations.

#### **h. Competitors**

Standard will always compete vigorously but honestly, keeping in mind the basic requirements of honesty, ethical conduct and integrity at all times. Standard seeks to outperform its competition fairly and seeks competitive advantages through superior performance, never through inappropriate business practices.

Employees should not disclose to any competitor any proprietary or confidential information nor should employees try to obtain information regarding a competitor's business by inappropriate means. Each employee should endeavor to respect the rights of and deal fairly with the Standard customers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through bribery, manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

#### **i. Fraud**

Standard will not tolerate fraud or dishonest acts. Any fraudulent, dishonest, or other such illegal acts may be treated as gross misconduct and employees may be subject to the strictest disciplinary action available, as well as possible legal action.

Fraud or dishonest acts may include manipulation of records, theft and misappropriation of funds or property, misuse of information, records and equipment and bribes and inappropriate payments.

If any employee is aware or has suspicions that a fraud or dishonest activity is or may be being conducted, they should follow the procedure set in the Whistle blower Policy set out in this Policy. This is essential as the chances of a successful investigation and resolution of a fraud, or elimination of suspicions, may be seriously affected by taking the wrong actions.

#### **j. Gifts and Hospitality**

Employees must not solicit or accept cash, substantial gifts or services (e.g., anything of value over \$25) from any actual or potential customer or supplier. Acceptance of business gifts must be restricted to those which are offered by organizations as part of their normal marketing activities and are of nominal value; you should inform your Manager of acceptance of any gifts. Hospitality in the form of meals, sporting, or social events is permitted on the condition that:

- It does not place the Standard employee under any commercial obligation.
- There can be no misunderstanding as to the conditions of acceptance.

Equally employees should also comply with this Policy when giving gifts or hospitality and reference should be made to the value allowed for such gifts. If you have any questions regarding this Policy, you should speak to your Manager or the Vice President of Human Resources.

#### **k. Inappropriate Payments**

No employee shall offer any form of compensation to any public official, representative of a private employer or any party with whom Standard conducts business, or who is a prospective customer, for the purpose of obtaining or retaining business for or directing business to Standard.

Similarly, no employee may accept any form of compensation from any customer or prospective customer or another individual or organization on securing for that party any preferential treatment from Standard.

#### **I. Unethical Behavior**

Unethical behavior will not be tolerated either in Standard's own activities or those with whom Standard seeks to do business.

Unethical behavior includes, but is not limited to, bribery, embezzlement, fraud, insider trading, money laundering, theft or entering into an unusual arrangement without prior approval. An unusual arrangement is one which is not in the ordinary course of business for the business unit or Standard.

## **B. Our Business Principles**

### **1. General Principles**

All employees must work to ensure prompt and consistent action with the policies set out. We cannot anticipate every situation that will arise but it is important that we have a way to approach a new question or problem. Always consider the following:

- Make sure you have all the facts.
- What exactly are you being asked to do?
- Does it appear to be illegal or unethical?
- Use your common sense and business experience to judge, but if you are in any doubt discuss the issue with your Manager or the Vice President of Human Resources.

**Remember: If in doubt, ask first, act later.**



## **2. Documentation**

Standard has different responsibilities for document retention. The policy in this Manual should be seen as general guidance.

Standard's principles for documentation retention are to:

- Keep all business records, which may affect substantially its obligations, for any appropriate period of time, which will reasonably assure the availability of those records when needed;
- Identify vital records and ensure they are appropriately safeguarded and incorporated in any disaster recovery plan;
- Ensure the privacy and security of records are appropriately assured; and
- Ensure that all non-insurance records are kept for a minimum retention period.

## **3. Advertisements**

In all advertising and other public communications, untruths, misleading and exaggerated statements must be avoided.

## **4. Money Laundering**

Standard will not knowingly be part of any transaction or series of transactions, which are intended to change the identity of the source of money obtained from illegal activities to make it appear as if it originated from a legitimate source.

Attempts to launder money are increasingly prevalent. Any employee knowingly involved or assisting in such activities may face severe legal penalties as well as appropriate internal disciplinary proceedings.

# **C. Our Procedures**

## **1. Data Security**

Standard data systems, which allow electronic mail and data exchange, have become a core element in the way we all conduct business and carry out our jobs. It is therefore vital that all employees are fully aware of their responsibilities to ensure that Standard's information assets and the systems which process them are fully protected.

Employees should only access Standard's systems in conjunction with the conduct of Standard business. No employees should permit third parties to access Standard's systems or data without the appropriate approval of their manager and suitable IT advisors. Employees should be aware that leaving their computers unattended, without proper password protection, especially when outside Standard offices could allow unauthorized access to Standard systems and information. Employees supplied with

laptops should ensure that appropriate measures are taken to avoid theft or unauthorized use of a laptop.

If data sharing with an external third party is required appropriate advice should be taken from your manager and IT representative to guarantee that we ensure continued ownership of data and that there is no threat to the security of our systems. Proper consideration needs to be given as to regulatory requirements for Data Protection in all locations - employees should be fully aware that misuse of Standard's systems is a disciplinary offense.

Finally, employees are reminded that no software should be loaded onto the Standard's system without prior authorization from your IT representative. The introduction of viruses to the Standard system could cause significant damage to Standard and copying software without the correct license could expose both individual employees and Standard to claims from third parties.

## **2. Occupational Health and Safety**

Standard is committed to providing a safe and healthy environment having regard to relevant laws in each of the locations in which Standard operates. Employees have a duty to themselves and their fellow employees to ensure that they are fully aware of their own obligations.

## **3. Disaster Recovery**

All business units are required to have suitable procedures in place to ensure the ability of that unit to continue business activities in the event of that business unit being affected by a disastrous event. Employees should be aware of the disaster recovery plan for their office or business unit and understand what is expected of them personally if such an event occurs. Employees should contact their manager if they have queries on a disaster plan.

## **4. Expense Management**

All employees will be reimbursed for reasonable, ordinary, and necessary expenses incurred while conducting Standard business. Expenses must be properly documented and reported on approved Expense Reports together with supporting evidence of the expenses. While employees are expected neither to lose nor gain financially when traveling on Standard business, it is expected that each employee will be prudent in judgment regarding expenses and will comply with the policies set out in the Company's policy manual.

The Corporate Controller establishes policies and procedures and provides guidance for those purchases and expenses that are settled directly through Accounts Payable. When making purchase decisions on behalf of the Company, employees should not

distinguish between whether the expenditure is incurred by them directly and reimbursed or whether it is charged directly to the Company.

## **5. Use of External Lawyers**

No employee should retain an external lawyer nor incur any costs chargeable to the Company with an external law firm without the prior written authority of the Vice President of Human Resources, the Vice President General Counsel or the Vice President of Finance.

## **6. Use of External Consultants**

The use of external consultants should be kept to a minimum and their use must be justified. Pre-approval for expenditure on external consultants should be obtained from your Manager.

Employees should be aware that external consultants, even those who may once have been employed by Standard, are not employees and should therefore only have access to information appropriate to the tasks for which they are being retained.

# **D. Our Communications Policy**

## **1. General**

All employees are expected to conduct themselves in a professional manner reflecting Standard's high standards in all communications, whether such communications are internal or external and whether oral, written, or electronic in nature.

The responsibility for how Standard is promoted externally rests with the Chief Executive Officer, Chief Operating Officer, Vice President of Finance and the Vice President of Human Resources. Any Business Unit must consult with the President, Vice President of Finance or Vice President of Human Resources prior to committing to any form of communication or design.

Communications for the purpose of this policy should be seen as encompassing dealing with the media, advertising including directories and gifts, production of general public relations or marketing materials and internal publications such as employee newsletters.

## **2. Communications with the media**

All contact with the media (television, radio, newspapers or magazines) must be conducted through or in conjunction with the Chief Executive Officer or Vice President of Finance. If an unsolicited call is received from the media, you should politely advise that the matter has to be referred to the Vice President of Finance or Vice President of Human Resources for a response.

### **3. External Releases, Marketing and Advertising**

All external releases must be approved by either the Chief Executive Officer or the Vice President of Finance.

### **4. Communications with Regulators**

Any communications received from Regulators should be sent to the Vice President of Finance for guidance. Response to any communication from a regulator should only be undertaken on the advice of the Vice President of Finance or Vice President of Human Resources.

### **5. Communications with Shareholders or Securities Houses**

Any contact received from Shareholders or from stockbrokers or securities houses in connection with Standard stock should be referred to the Vice President of Finance or Corporate Secretary who will coordinate an appropriate response.

### **6. Electronic Communications**

Every e-mail sent, telephone call made or voice message left must be conducted in a professional manner that will leave the recipient in no doubt as to the high standards of conduct maintained at Standard. Employees should not consider any form of electronic communication as having a lower requirement for professional standards. Any employees who fail to conduct themselves in the requisite professional manner and in accordance with the policy may be subject to disciplinary proceedings. The deletion of business specific e-mails is subject to Standard's policy on document retention, and e-mails should only be deleted once this policy has been complied with.

### **7. Use of the Internet**

Use of the Internet is restricted to use required for the sole reason of assisting an employee to perform his or her required duties and for the conduct of business or Standard. Employees should refer to the corporate data policies and the personal code of conduct for more detail, or speak to their manager.

### **8. Websites**

Websites have become an important way for businesses to inform people of the services they provide. All Websites, current or proposed, should comply with the policies set out in this section on communication, and should have senior management sponsorship.

## **9. Articles and Books**

No commitment to write an article or book, or part of a book for publication about Standard Motor Products or its employees should be made by an employee without the approval of the relevant line manager and the Vice President of Human Resources.

Employees are advised to refer any written material to the Vice President of Human Resources, who will assist in editing or placing the article with a publication if not already arranged.

## **E. Our Human Resource Policies**

### **1. Harassment free working environment**

Standard is committed to a work environment in which all individuals are treated with respect and dignity. Each employee has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Offensive or unwelcome conduct or behavior of a sexual nature is absolutely prohibited both on Standard premises and off premises when on Standard business, such as during business dinners or at Standard parties. Offenders of this policy will be subject to disciplinary action, which could include use of the strictest measures available.

### **2. Recruitment and Selection**

It is Standard's mission to ensure that all employee recruitment and selection practices shall serve to identify, hire and retain top talent without discrimination on the basis of race, religion, color, age, gender, national origin, disability status or any other legally impermissible factor. In support of this mission, Standard will try to:

- Adhere to recruitment and selection practices, procedures and tools which are valid, practical, flexible and compliant with applicable laws, regulations and ethical standards;
- Promote cultural diversity through, among other methods, the active and consistent use of traditional and non-traditional labor markets;
- Make job opportunities available to employees worldwide and facilitate and support internal career development and promotion;
- Provide fair and equal treatment to all job candidates, with employee selection based on objective, job-relevant and legitimate position qualifications; and
- Advocate efficient and effective recruitment and selection procedures that contribute to increased productivity and retention.

More details of our HR policies can be found in the HR Policy Manuals.

## **F. Implementation and Help**

Strict adherence to the provisions of this policy is a condition of employment in Standard. Breaches of the policies may result in disciplinary action being taken as allowed by the relevant laws.

The Vice President of Human Resources is responsible for initiating and supervising the investigation of all reports of breaches of any policy set out in this manual and ensuring that appropriate disciplinary action is taken when required.

The Auditors, both internal and external, may be asked to report any practice they discover in the course of their work which is or appears to breach the policies.

Breaches of any section of this policy, or any reports of a breach or potential breach, will be reported to the Vice President of Human Resources and, if appropriate, subsequently to the Standard Board Audit Committee.

Employees can obtain help in relation to these policies from the following sources:

- Their immediate management, or
- Vice President of Human Resources.

## **G. Whistle blower Policy**

Standard aims to create a climate of opportunity for all employees to voice genuinely held concerns about behavior, or decisions or actions that they perceive to be unethical.

In this regard, Standard has established a whistle blower procedure whereby any employee, supplier, customer, stockholder or other interested outside party may contact the management of the Company if they genuinely believe that behavior is occurring within the Company that violates any of the provisions of our Corporate Code of Ethics. The confidentiality of any contact will be protected upon the request of the contacting party.

The Company has a 24-hour per day, 7-day per week hotline and a dedicated website which can be used to report unethical conduct. The hotline and website are operated by a third party service provider, and calls received will be categorized by type of incident and timely reported to appropriate Company personnel for evaluation and handling on an anonymous basis. All inquiries will be kept strictly confidential.

U.S. and international employees may access the hotline as follows:

- The US Hot Line number is: 877-779-2722.
- The Poland Hot Line number is: 00-800-111-1111.
- The Hong Kong Hot Line number is: 800-96-1111.

- The Hot Line number for the Vice President General Counsel is: 718-316-4290.
- The Hot Line number for the Audit Committee Chairman is: 718-316-4917.
- The website address is [www.smpcorp.codeofethicshotline.com](http://www.smpcorp.codeofethicshotline.com).

You may also contact directly our Vice President General Counsel or our Chairman of the Audit Committee of the Board of Directors as follows:

Carmine J. Broccole  
Vice President General Counsel  
Standard Motor Products, Inc.  
37-18 Northern Boulevard  
Long Island City, New York 11101  
718-316-4290

or

William (Bill) Turner  
Chairman, SMP Audit Committee of the Board of Directors  
Standard Motor Products, Inc.  
37-18 Northern Boulevard  
Long Island City, New York 11101  
718-316-4917

Employees are encouraged to follow this policy whenever they have genuine concerns. All employees are expected to co-operate in all internal investigations and to cooperate with all external investigations as directed by Standard's advisors. Employees may obtain copies of this policy from your local HR representative or on our website.