



Elschukom GmbH - Code of Conduct in Business Life

1. Basic code of conduct

a. Law-abiding behaviour

Abidance by the laws and legal systems of the countries we do business in is one of the basic principles of Elschukom GmbH. Each employee must comply with the valid statutory provisions of the respective legal order within which he is acting (*in the following, words importing gender shall include the male and the female genders*). Contraventions must be avoided in any circumstances.

In case of contraventions, every employee will have to face disciplinary measures because of a violation of his duties and responsibilities stipulated in the contract of employment, irrespectively of any penalties provided for by law.

b. Mutual respect, honesty, and integrity

We respect the personal rights, the privacy, as well as the personal dignity of each and every individual. We work together with persons from all walks of life - from different backgrounds, cultures, religions, of various ages, and independent of skin colour, sex, sexual orientation, disability or world-view.

In compliance with our corporate principles and the laws of the countries we are doing business in, we do not tolerate discrimination based on these attributes, sexual harassment, or any other assaults on individuals.

These principles apply to the co-operation within the company as well as to behaviour towards external partners. Decisions regarding personnel, suppliers, customers, business partners, etc. will be exclusively based on factual aspects, and never on other, non-factual motives.

We are open and honest, and stand by our responsibilities. We are reliable partners and only make promises that we can keep. We expect our employees to behave in a fair and honest way.

c. Responsibility for the image of Elschukom GmbH

The image of our company is shaped by the appearance, deeds, and behaviour of every single one of us. Illegal or in any other way inappropriate behaviour of even only one employee can inflict considerable damage to the reputation of Elschukom GmbH. Therefore every employee is obliged to sustain and further the reputation of the company.

d. Management, responsibility, and supervision



Integrity and law-abidance start at the top management. The management and each executive must exercise their duties of organisation and supervision. They are responsible for the employees entrusted to them. They must obtain acceptance through personal conduct, achievement, openness, and social competence. The management as well as each executive are also in charge of setting clear, ambitious, yet realistic objectives and to set an example by abiding by these objectives.

They have to allow their employees as much individual responsibility and freedom of action as possible, while at the same time making it clear that abiding by the laws has top priority in any circumstance and at any time.

The responsibility of the management and the executives does not, however, release the employees from their own duties and responsibilities. We have to work together to observe the law. The following list of special management tasks is supposed to give the employees an idea of what kind of guidance and support they can expect from their supervisors.

The management and each executive shall be in charge of preventing contraventions in their respective area of responsibility, which could have been avoided through appropriate supervision. They shall continue to be responsible even if they delegate individual tasks. The responsibilities and duties are in particular:

- i. Selection requirement: The obligation to carefully select employees according to their personal and professional qualification.
- ii. Instruction requirement: The duty to assign tasks in a precise, complete, and binding fashion.
- iii. Control requirement: The obligation to make sure that work is executed correctly and in conformance with legal regulations.
- iv. Communication requirement: The obligation to communicate the necessity of integrity and compliance with legal regulations in daily business to employees, including the advice that contraventions will not be accepted and result in disciplinary measures.

2. Behaviour towards business partners and third parties

a. Competition law and anti-trust law

Free competition is a prerequisite for free market development and the social benefit this entails. The order of fairness is therefore also valid for the competition for market shares. Thus every employee is obliged to comply with the rules of fair competition.



Anti-trust law assessments can be difficult. Irrespectively of the rules and regulations applicable in the country there is certain behaviour that might lead to violations of anti-trust laws. Employees are for example not allowed to:

- i. talk to competitors about prices, production performance, capacities, sales, profits, profit margins, costs, distribution methods, and other factors, which govern the competitive behaviour of the company, or try to persuade the competitor to behave in a similar way.
- ii. make arrangements with competitors regarding non-competition, the limitation of business connections with suppliers, the splitting-up of customers, markets, areas, or production programmes.
- iii. influence the re-sale prices of our customers, or to cause the export of our products to be limited.

Employees must also not acquire information through industrial espionage, bribery, or theft of information or products relevant for competition; nor knowingly spread wrong information regarding a competitor or its products or services.

b. Fight against corruption: Offering and conceding advantages

Orders are obtained in a fair manner, and not by us offering others unfair advantages. No employee may offer, promise, or concede to a customer unjust advantages, or allow such advantages. There must be neither monetary payments nor any other benefits to influence the customer's decision. Every offer, every benefit, and every present must comply with the applicable laws and the directives of Elschukom GmbH, and must avoid any semblance of improbity or dishonesty. Such offers, promises, benefits, or presents must not be given or made if they can be understood as an attempt to bribe the business partner.

c. Fight against corruption: Demanding and accepting advantages

No employee must use his position within the company to demand, accept, or procure advantages, or have them promised. This does not include accepting occasional presents of symbolic value, or invitations to eat out, or invitations to events on an appropriate scale, if local customs are being observed. Any presents or invitations to eat out or for events exceeding that are to be refused.

d. Payment of political contributions and charitable donations

Elschukom GmbH does not pay any political donations (donations to politicians, political parties, or political organisations).



As a responsible member of society, the company makes donations as well as donations in kind for education, science, and social and humanitarian projects, in compliance with its internal directives.

All donations must be transparent. This means among other things that the identity of the recipient and the planned use of the donation must be known. Reason for and intended use of the donations must be legally justifiable and documented.

Generally not permitted donations include:

- i. Donations to individuals and profit-oriented companies
 - ii. Donations transferred to private accounts
 - iii. Donations to organisations whose goals and objectives are incompatible with the corporate principles of Elschukom GmbH.
 - iv. Donations that might damage the image of the company.
- e. Directives regarding the fight against money laundering

Money laundering is the process of covering up the origins of financial resources from criminal activities by introducing "dirty money" into the legal financial and economic cycle.

It is the pronounced goal of the company to only have business relations with reputable customers, advisors, and business partners, who are in accordance with the legal rules and regulations, and whose financial resources are of legitimate origin.

f. Trade controls

Elschukom GmbH complies with all export control and customs regulations valid in the countries the company does business in. Export control regulations can be used in connection with direct or indirect exports or imports from or to sanctioned countries or in connection with third countries, against which there are suspicious facts regarding national security, or which are involved in criminal activities. Contraventions against these laws can lead to drastic punishment, such as fines, as well as an officially decreed exclusion from the simplified import and export procedure.

All employees involved in importing and exporting goods are obliged to comply with all valid legislation on economic sanctions, export control, and import, as well as with all directives and processes involved in their business activity.

g. Business relations with suppliers



Elschukom GmbH expect their suppliers to share the company's principles and values, and to comply with all legal regulations. They furthermore expect the implementation of the following principles:

- i. Compliance with all applicable legislation
- ii. Renunciation of corruption
- iii. Observance of the human rights of their employees
- iv. Compliance with the laws against child labour
- v. Taking over responsibility for health and safety of their employees
- vi. Compliance with relevant national laws and international standards for the protection of the environment
- vii. Requirement to comply with these values and principles within their own supply chain.

3. Avoiding conflicts of interests

Employees of Elschukom GmbH are obliged to make their business decisions with the best interest of Elschukom GmbH in mind, and not based on personal interests. There will be conflicts of interests if employees pursue their own activities or personal interests at the expense of the interests of Elschukom GmbH.

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No employee may have companies, with which he deals within the framework of his job, execute private orders, if he might gain advantages from that. This is especially true if the employee can directly or indirectly influence the commissioning of the company for Elschukom GmbH.

Further conflicts might arise from business relations with or participations in a competitor or a customer of Elschukom GmbH, as well as from sideline jobs of employees, which might prevent them from dutifully performing their tasks with Elschukom GmbH. It is important that all employees recognise and avoid any conflicts of interests that might arise in connection with their job.

a. Competition with Elschukom GmbH

An employee must not run a business or work for a company that competes with Elschukom GmbH, and must not attend any business competing with Elschukom GmbH.

b. Sideline jobs

This also applies to sideline jobs that might present a competitive situation for Elschukom GmbH. The supervisor in charge has to be informed if a job for payment is taken up, and this requires a written approval in advance. Approval



of a sideline job can not be given if this conflicted with the interests of Elschukom GmbH. A sideline job can be prohibited if the employee deals with the respective company within the framework of his job with Elschukom GmbH. In case of these reasons, already granted approvals can be revoked at any time.

c. Participation in third companies

Employees holding or acquiring a direct or indirect participation in a competitor or a business partner of Elschukom GmbH must inform the management accordingly, if this participation enables them to influence the management of this company. This possibility of taking influence in the management can be generally assumed if the participation exceeds a share of 5% of the total capital.

After the management of Elschukom GmbH has been informed of the participation in third companies, it can take appropriate measures to abolish a possible conflict of interests.

4. Handling of company equipment

Elschukom GmbH has got numerous facilities such as telephones, copying machines, computers, software, internet access, machines, and other work equipment such as e-mail systems and answering machine systems. They may only be used for business purposes and not for personal use. Exceptions is short-term use during breaks, provided this use

- i. does not involve any illegal activities;
- ii. does not create a conflict of interests, or the semblance of such a conflict;
- iii. does not entail significant additional costs, any business interruptions of Elschukom GmbH, or any other negative effects for the company.

In no case may information be called up or forwarded that promotes or calls for racial hatred, glorification of violence, or any other criminal offences, or whose contents may be sexually offensive against the respective cultural background.

Without the approval of the supervisor in charge, no employee shall be permitted to make recordings, files, image or audio files, or copies using appliances of Elschukom GmbH, if this is not immediately required by his job.

5. Handling of information

a. Recordings and financial integrity



Open and effective communication requires true and correct reporting. This also applies to the relationship with employees, customers, and business partners, as well as with the public and all public agencies.

Elschukom GmbH is furthermore obliged to implement the relevant processes and controls so that transactions can only be performed in the form approved by the management. Elschukom GmbH must furthermore take precautions against the unauthorised use of its property and see to it that any unauthorised use is detected. All employees must ensure that the books and records kept within the framework of their job and for which they are in any other way responsible are:

- i. complete;
- ii. correct;
- iii. a truthful reflection of every transaction or expenditure; and
- iv. prepared in time and in compliance with the applicable rules and standards.

This is irrespective of whether the information is intended for publication or submission before a public agency. These books and records contain all data, verification certificates, and any other written documents required for financial reporting and compliance with statutory reporting requirements, as well as documents collected for other purposes. This also includes internal accounts (among other things statements of expenses).

b. Discretion

For internal private and confidential information of Elschukom GmbH, which should not become public, discretion and confidentiality must be maintained. Non-public information from and of suppliers, customers, employees, agents, advisors, and other third persons must also be protected according to the legal and contractual requirements.

Private and confidential information can include in particular:

- i. Details regarding organisation and facilities of the company, prices, turnover, profit, markets, customers, and any other business issues;
- ii. Information on processes of production, research, and development;
- iii. figures of internal reporting.

The obligation to maintain secrecy shall remain in full force and effect even after the work relationship has ended, as the disclosure of confidential information - irrespectively of when it is done - can damage the business of Elschukom GmbH or of its customers.



c. Data protection and data security

Access to the internet, world-wide exchange of data, and dialogue, as well as electronic business transactions are decisive prerequisites for the effectiveness of every single one of us as well as for the overall business success. The advantages of electronic communication are, however, closely linked with the risks they present to data security and privacy. The effective prevention against these risks is an important component of the management's IT management and also of the behaviour of each individual employee.

Personal data may only be collected, processed, or used to the extent as is required for stipulated, clear, and legitimate purposes. Above that, personal data must be stored safely, and may only be transferred if the necessary precautionary measures are applied. A high standard must be ensured as regards data quality and technical protection against unauthorised access. The use of data must be transparent for the persons concerned, and their rights to disclosure, and, if applicable, to contradict, block, or delete, shall be protected.

In some legal systems there are strict laws as regards the storage and use of personal employee data and of third-person data, for example customers and business partners. All employees shall be bound to the laws in force to protect the privacy of others.

d. Insider rules

Persons with insider information regarding Elschukom GmbH or any other company, such as customers, suppliers, or joint-venture partners, whose share are listed at a stock exchange or on an organised market, must not deal in shares or financial instruments of such companies, whose price are indirectly or directly dependent on the shares of these companies (insider securities).

Insider information are precise information regarding circumstances that are not public knowledge referring to an issuer of insider securities and suited to significantly influence the price at the stock exchange or on the market, if they become public knowledge. Such a suitability exists if an expert investor considered this to be likely.

Insider information can be acquired within the course of the job and the area of responsibility of an employee or by chance, and include the following, non-public information:

- i. Financial results
- ii. Financial plans or budgets
- iii. Changes of dividends
- iv. Significant mergers or take-overs
- v. Disinvestments



- vi. Particularly important orders have been placed
- vii. Important developments in legal proceedings
- viii. technical developments or product developments
- ix. Far-reaching changes of the management structure, joint ventures, and important business agreements
- x. Business connections.

Insider information must not be disclosed to others without authorisation. Insider information is disclosed without authorisation, if it is not disclosed within the customary framework in fulfilment of the tasks, the job, or for the issuer by the insider. This applies to information disclosed within Elschukom GmbH, as well as to information passed on to persons outside Elschukom GmbH. These persons include journalists, financial analysts, customers, advisors, family members, or friends.

Insider information must be shut away or secured at all times, so that unauthorised access is not possible.

Persons having insider information must neither recommend another person to buy or sell securities for which these information are relevant, nor induce another person in any other way to do so.

6. Environment, safety, and health

a. Environment and technical safety

The protection of the environment as well as of natural resources are top-priority corporate goals. Based on the managerial responsibility of the management as well as the commitment of the employees Elschukom GmbH wants to align their business with environmental principles and are continuously working on improving the eco-balance. Right from the start, when our products and processes are being developed, environmentally friendly design, implementation technical safety and health protection are fixed targets.

Every employee must contribute to these targets with his own conduct.

b. Occupational safety

Health and safety of our employees at their workplace have top priority for Elschukom GmbH. Every individual has a share of the responsibility to support the company in its endeavour to create safe working conditions. The responsibility towards employees and colleagues demands the best prevention possible prevention of accident hazards and applies to:



- i. technical planning of work places, facilities, and processes
- ii. safety management
- iii. personal conduct in everyday working life.

The working environment must comply with the requirements of a health-oriented organisation.

Every employee must give his constant attention to occupational safety.

7. Complaints and advice

Every employee can lodge a complaint towards his supervisor, the HR department, or the company management. This applies in particular to the notification of circumstances pointing towards a violation of this "Code of conduct in business life".

Confidential and anonymous complaints are possible. All notifications will be dealt with. As far as is necessary, appropriate steps will be taken.

All documents will be kept confidential, within the scope legally required. Reprisals against the complainant of whatever kind will not be tolerated.

Veilsdorf, May 25, 2009

Ute Poerschke

Manfred Thauer