

CODE OF CONDUCT

Exerion Precision Technology Olomouc, s.r.o.

The Exerion Precision Technology Olomouc, s.r.o. Code of Ethics sets up norms whose aim is to secure that working conditions in the supplier chain of the engineering industry are safe, that the employees are treated with respect and dignity and that the business operations are considerate towards the environment and are conducted in an ethical manner.

The Exerion Precision Technology Olomouc, s.r.o. Code of Ethics was approved by the managing director of the company, RNDr. Zdeněk Bača, Ph.D. in July 2015.

This Code of Ethics comes into effect immediately and is not time-limited.

All Exerion Precision Technology Olomouc, s.r.o. employees are expected to become familiar with the Code of Ethics, to adopt it and to follow it.

The Code of Ethics comprises four parts. Parts A, B and C represent the norms for the areas of work, health and safety at work and the environment. Part D concerns the ethics and conduct of business.

All four areas are the subject of constant improvement.

A. WORK

Exerion Precision Technology Olomouc, s.r.o. is committed to maintain human rights of employees who will be treated with respect and dignity in the same way as these concepts are understood by an international community. This concerns all employees including those with a temporary contract, student employees, contracted employees, direct employees and all other types of employees. Appended respectable norms were consulted for preparation of the Codex.

1) Free choice of employment

Forced labour or slavery (including debt slavery) or work in conditions which are unsuitable for employees, involuntary prison labour, or human trafficking are forbidden. This comprises human trafficking, hiding, hiring, transporting or obtaining people for employment while using threats, force, duress, kidnapping or deception. Neither inappropriate restrictions to enter or to leave the company premises nor any restrictions on freedom of movement of employees are allowed. Employees may terminate their employments or leave job in accordance with the conditions stated in their employment contract which is based upon the legislation of the Czech Republic. Employer and representatives must not withhold or in any way destroy, hide and confiscate proofs of identity or immigration documents or must not prevent access to such documents as identity documents issued by a particular government, passports or work permits unless retention of such documents is required by law. Employees must not be required to pay their employers or representatives fees for hiring or any other gathering fees which would exceed the amount of a monthly wage. All fees, which employees are supposed to pay, must be disclosed and fees exceeding the amount of a monthly wage must be remunerated to employees. Employment contract is provided in Czech language. In case employee does not understand Czech language, the respective employee will be provided with a translated version of the employment contract in a language which the employee understands.

2) Young workers

Under the legislation of the Czech Republic, child labour must not be used in any stage of the manufacturing. The term “child” relates to a minor under the age of 15 or at the age before finishing the compulsory school attendance or under the minimum age when a person can be employed in a particular country, depending which age is higher. Apprentice programmes which comply with relevant legislation and regulations will be supported. Employees under the age of 18 must not perform such work that could harm their health or safety including night shifts and overtime work. We support certified training programmes at workplace which are in line with all legislation and regulations.

3) Working hours

Working hours and the working week are defined in the legislation of the Czech Republic and they must not exceed the stated maximum limit. One working week should not exceed 60 hours of work, including work overtime, emergency or unusual situations, and employees must have at least one day off in a seven-day long week. With respect to this, Exerion Precision Technology Olomouc s r.o. follows the Czech Republic legislation.

4) Wages and remuneration

The wages paid to employees comply with all legislation on wages, including the legislation concerning the minimum wage, overtime work and legally granted benefits. In line with the legislation of the Czech Republic, employee will be remunerated for overtime work in a rate that is higher than the regular working hour's rate. Deductions from the basic wage according the wage contract as a form of disciplinary measure are not allowed. This

does not concern bonuses and variable personal parts of the wage which are granted based on performance. The necessary information and documentation on wage rates must be provided to the employee in due time.

5) Humane treatment

No inconsiderate or inhumane treatment, including sexual harassment, sexual abuse, physical punishment, mental or physical duress or verbal abuse of employees can occur in the company and none of the above listed issues may be used to threaten with. Disciplinary principles and procedures supporting these requirements must be clearly defined and communicated to employees.

6) Ban on discrimination

The company must not discriminate due to race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status when hiring employees and in employment procedures such as promotion, awarding a bonus and in training opportunities. Current or potential employees should not be subjected to medical checks that could be used in a discriminating way. At the same time, employees are obliged to treat each other without abusing and discriminatory behaviour.

7) Freedom of association

In line with local legislative measures, the company has to respect the right of all employees to establish a trade union organisation and to enter it if they wish to do so, to jointly negotiate and to enter peaceful gatherings as well as to respect the right of employees not to take part in such activities. The employees and/or their representatives should have a chance to communicate openly with the management of the company, to share their ideas and worries concerning working conditions and management procedures without a fear of discrimination, retaliatory measures, intimidation or harassment.

8) Disciplinary measures

Disciplinary measures are applied in a form of a letter of reprimand, or a letter of notice, also other measures can be applied in line with the valid legislation of the Czech Republic, e.g. compensation of damage.

B. HEALTH AND SAFETY AT WORK

Apart from minimizing occupational injuries and diseases, we increase safe and healthy work environment, quality of products and services and fluency of production. An interim feedback from employees and training are cornerstones which help us determine and solve health and safety risks at workplace.

The company will appoint a person from the ranks of management who will be responsible for health and safety at work.

Preparation of this Codex was based upon acknowledged operation systems such as OHSAS 18001 and Bezpečnost a ochrana zdraví při práci (Occupational health and safety).

The following items belong to health and safety norms:

1) Occupational safety

Company is always trying to design the manufacturing processes as safe as possible. Duly suggested technical and management checks, preventative maintenance, health and safety procedures and interim health and safety training will be used to check how workers are exposed to potential safety risks (e.g. electricity and other sources of energy, fire, vehicles, danger of falling, etc.). Where risks cannot be checked satisfactorily through these measures, employees have to be equipped with appropriate and properly maintained personal protective aids and with information materials on risks which are connected to such threats. With respect to a particular operation, it is mandatory for employees to use required work and safety aids, including footwear suitable for the work. An employee is required to adhere to a designated work place, work procedure and material and to work only with such machinery and equipment he/she is qualified to work with.

2) Emergency preparedness

Potentially exceptional situations and events have to be identified and their impact needs to be minimised via implementation of emergency and accident plans and procedures, including: emergency announcements, announcements for employees, evacuation procedures, training programmes and exercises for employees, suitable methods of fire detection, fire equipment, emergency exits and renewal plans. Such plans and procedures have to be focused at diminishing the lost lives, damaged environment and property.

3) Occupational injuries and diseases

Procedures and systems have to be introduced that will prevent, control, observe and report occupational injuries and diseases, including such provisions that will support reports from employees, classify and record instances of injury and disease, provide necessary medical care, investigate cases and introduce remedial measures aimed to remove their causes and facilitate the return of employees to work.

4) Industrial hygiene

Exposure of employees to chemical, biological and physical agents has to be detected, assessed and controlled. Technical of management checks need to be implemented. If the danger cannot be controlled in such ways, health of employees has to be protected through suitable programmes of personal protective aids.

5) Physically arduous work

Exposure of employees to physically arduous work has to be detected, assessed and controlled. This includes manual handling of materials and lifting of heavy objects or repeated lifting, prolonged standing and frequently repeated or arduous assembly tasks.

6) Monitoring of machinery

Production and other machinery has to be assessed with respect to safety risks. It is necessary to provide physical security measures and well maintained blocking equipment and barriers in places where machinery represents a risk of injury to employees.

7) Sanitation facilities, food and accommodation

It is necessary to enable workers to access clean toilets and drinking water, to enable safe preparation of meals and their storage and to let them access dining facilities.

8) Information on health and safety

The company provides employees with corresponding training in occupational health and safety in their mother tongue. The information on occupational health and safety is visibly displayed at the workplace.

C. ENVIRONMENT

The company accepts that responsibility towards the environment is an inseparable part of a production process. It is necessary to minimise undesirable impact of the operations on the community, the environment and natural resources and at the same time to secure health protection and safety of the general public. Such recognised management systems as ISO 14001 were consulted to prepare this Code.

There are the following environmental norms:

1) Permits and reports concerning the environment

All necessary environmental permits have to be obtained, maintained and constantly updated. Also it is necessary to comply with their requirements for the operations of the company and for submitting reports.

2) Prevention of pollution and reduction of sources

Use of sources and production of all kinds of waste, including water and energies, have to be reduced or eliminated either directly at the source or through procedures such as water treatment, maintenance procedures, replacing materials, storage and re-use of materials.

3) Dangerous substances

Chemical and other substances, which could harm the environment if released, have to be identified and treated properly so that their safe handling, transport, storage, use, recycling and re-use or disposal are secured.

4) Wastewater and solid waste

The company has to introduce a systematic approach to identify, manage, reduce and to dispose of or to recycle solid waste in a reliable way. Wastewater from operations of the company, industrial activity or from sanitation facilities has to be monitored prior to its discharge or disposal. In case of increased risk, it has to be checked and handled as required. Further, measures to reduce wastewater production have to be introduced.

5) Air polluting emissions

Before they are discharged, emissions of volatile organic chemicals, aerosols, corrosives, particles and substances harming the ozone layer and substances which are created during burning of by-products from the operations have to be identified, regularly monitored, checked and handled as required. The performance of the company's own systems which regulate releasing into the air have to be monitored regularly.

6) Reduction of material

The company has to follow all necessary law regulations, bylaws and customer requirements which concern the prohibition or reduction of particular substances in products and in the manufacturing process including marking for recycling and disposal.

7) Treatment of rain water

The company has to introduce a systematic way which will prevent pollution of rain water drainage and thus it will prevent its discharge and runoff into the rain water drainage system.

8) Energy consumption and greenhouse gas emissions

Under the operation of the company, it is necessary to watch and record energy consumption, and where applicable also greenhouse gas emissions, and to look for cost effective methods of how to improve energy efficiency, to minimise energy consumption and alternatively greenhouse gas emissions.

D. ETHICAL CONDUCT

Corruption, bribery and unfair competition disrupt the market and prevent economic, social and democratic development. Exerion Precision Technology Olomouc, s.r.o. will not tolerate any of these activities. To fulfil its social responsibility and to achieve success on the market, the company and its representatives must adhere to the highest norms of ethical conduct, such as:

1) Fair enterprise

The utmost principles of integrity have to be maintained in all business relations. We must practise the policy of zero tolerance that forbids all forms of bribery, corruption, blackmailing and embezzlement. All business negotiations should be transparent and they should be clearly reflected in all records from business meetings and negotiations. When fulfilling its job duties, employees always act in the interests of the company and they refrain from such behaviour that could endanger credibility and earnestness of the company.

2) No undue benefit or advantage

Bribes or other forms through which inadequate or undue advantage or benefit could be obtained must not be promised, offered, approved, handed over or accepted. This ban concerns promising, offering, approving, handing over or accepting anything valuable either directly or through a third party with the aim to gain or maintain trade or direct business with any person or with the aim to gain undue advantage.

3) Disclosure of information

We keep faithful records of all financial transactions and account for them in line with locally adopted book-keeping principles. We comply with International accounting standards, relevant methodologies and Exerion Precision Technology Olomouc, s.r.o. regulations in all logs. Information that concerns the workforce, health and safety, processes in the area of environment, business activities, structure, financial situation and performance will have to be announced in line with valid regulations and established procedures in the field. Falsification of records or distortion of conditions or processes in the supply chain is unacceptable.

4) Intellectual property

Intellectual property rights have to be respected. Technologies and know-how have to be transferred in such a way that protects intellectual property rights. Further, it is necessary to protect information about customers. Under no circumstances employees will disclose any information concerning the company itself or its customers, this applies particularly to personnel, economic, or business information. Employees have to protect the company know-how and pursuant to provisions of the Conduct of Work they have to respect the principles which assure the protection of the company secret.

5) Fair trade, advertising and competition

Standards of fair trade, advertising and competition have to be sustained. Adequate protection of customer information is maintained.

6) Protection of identity and ban on retaliation measures

Programmes that secure confidentiality, anonymity and protect whistle-blowers on the side of suppliers and employees are maintained unless it is prohibited by law. Employees can use a box for their anonymous proposals, comments and complaints if they wish to raise any input or constructive objection without a concern about retaliation measures, even if the constructive objection might result in Exerion losing business.

7) Personal data protection

The company commits itself to an expected and adequate personal data protection of all business partners, including suppliers, customers, consumers and employees. The company has to abide by laws and regulations concerning personal data protection, protection of information in those cases when personal information is collected, stored, processed, forwarded and shared.

8) Responsible Sourcing of Minerals

Exerion is trying to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country.

CONSULTED SOURCES

The following main norms, which can be a useful source of complementary information, were used to prepare the Code.

EICC manual

Zákoník práce České Republiky (Labour code of the Czech Republic)

<http://zakonik-prace.cz/>

Ústava České Republiky (Constitution of the Czech Republic)

<http://www.psp.cz/docs/laws/constitution.html>

Listina základních práv a svobod (Charter of human rights and fundamental freedoms)

<http://www.psp.cz/docs/laws/listina.html>

Hygienické normy (Hygiene norms)

ISO 14001 www.iso.org

OHSAS 18001 www.bsi-global.com/index.xalter