

Electro-Miniatures Corp.

Solutions Designed Around You

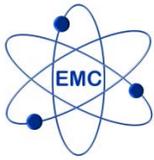
Business Ethics Policy

Purpose

The intent of this policy is to ensure each employee understands he or she must conduct Company business with integrity. This Policy records the company Values that continue to shape its success, establishes an Ethics Code for continued implementation of those values and provides the mechanisms for employees to report ethical or legal concerns for review by company management.

Electro-Miniatures' Values:

- **INTEGRITY** - Telling the truth even when it is tough to do so.
"Doing the right thing," is the default for every decision and action.
- **SAFETY** - Operating in the safest way is the top priority in the plant.
- **EXCELLENCE** - Delivering outstanding products and experiences to our customers is our business.
- **TEAMWORK** - Working collaboratively on shared goals.
- **RULE of LAW** - Complying with US laws and regulations as well as those of other countries where we do business.



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Electro-Miniatures' Code of Ethics

Introduction

The following Code provides specific guidelines for common situations employees may face in carrying out their Electro-Miniatures responsibilities. At the moment of truth when a question of ethics must be decided, it is up to each employee to use his or her own sense of right and wrong. In those ambiguous situations where the right choice is not immediately clear, here are some tests to apply. Ask yourself:

- If I make this choice and next week a story on the front page of the Wall Street Journal appears with all the details accurately portrayed, would it make me proud?
- Would I be ashamed to explain my choice to my mother, my wife or my daughter?

The Code

1. **Integrity** *Don't lie, cheat or steal.*

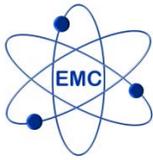
- 1.1 **Bribery and corruption** - Any payments, gifts or inducements made by or on behalf of EMC and which are intended to induce someone to act improperly and payments, gifts of inducements to public officials to influence them in the performance of their duty (other than payments, fees etc. which they are entitled to demand by written law) are wrong and could result in dismissal.

Gifts or entertainment may only be offered to a third party if they are consistent with customary business practice in the relevant territory, modest in value and cannot be interpreted as inducements to trade. Where there is any doubt, guidance should be sought from management or HR.

Sales of the company's services and products and purchases of products and services from suppliers will be made solely on the basis of quality, performance, price and value and/or for the benefit of the company, and never on the basis of giving or receiving inducements in the form of payments, gifts, entertainment, or favors or in any other form.

Employees shall not accept gifts, money, or entertainment from third party organizations or individuals where these might reasonably be considered likely to influence business transactions. Gifts, other than trivial ones with a low value, should be returned. In a culture where such an action might cause offence, the gift should be declared to the company and, if practical, donated to an appropriate charity.

- 1.2 **External Suppliers** - All suppliers are entitled to fair treatment and all potential suppliers should have a reasonable opportunity to win EMC's business. It is our policy to pay suppliers on time in accordance with agreed terms of trade. We set high standards for our suppliers in the context of our own ethical policy.



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- 1.3 **Competition** - EMC will always compete vigorously, but in a fair and ethical way. Competitive success is built on providing good value and service excellence. Competitors should not be disparaged. When in contact with competitors, employees will avoid discussing confidential information and no attempt will be made to improperly acquire competitors' trade secrets or any other confidential information. Employees must not publicize, discuss or share with competitors (even indirectly) pricing strategies or undertake any arrangements on practices which would conflict with the laws applicable to the business concerned.
- 1.4 **Confidential information** - Employees must not make use of confidential information obtained through their employment for personal gain. The disclosure of confidential information to any third party during or after employment is not permitted unless the disclosure has been appropriately authorized, is for a legitimate business reason and the information is being securely communicated. Confidential information is any information that could be useful to a competitor and is sometimes, but not always, labeled.
- 1.5 **Conflicts of interest** - Every employee has a duty to avoid business, financial or other direct or indirect interests or relationships with conflict with the interests of the company, or which divides his or her loyalty to the company.

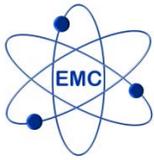
Any activity which even appears to present such a conflict must be avoided or terminated unless, after disclosure to the appropriate level of management, it is determined that the activity is not unethical or improper, does not compromise integrity and is not detrimental to the reputation and standing of the company.

2. **Safety** *Safety trumps profit and schedule*

- 2.1 **Health and safety** - EMC places the highest priority on promoting the health and safety of employees at work. EMC will constantly review the effectiveness of its methods of operation to best protect all employees.

3. **Excellence** *Quality products make happy customers*

- 3.1 **Competitive strategy** — There are dozens of companies that make slip rings, and nobody owes EMC any favors. We are often not the cheapest. We never promise to deliver faster than we know we can. Why do customers buy from EMC? EMC's competitive success depends primarily on two things that bring loyal customers back to us again.
- Quality products
 - On time delivery



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EMC can continue its tradition of excellence if every employee gives his best effort every day. Every detail matters.

4. **Teamwork** *Working together is successful and fun*

4.1 **Commitment to employees** - EMC is committed to optimizing individual and business performance through employing the best people at all levels and creating an environment in which they want to and are able to contribute fully to the company's success. To achieve a working environment in which team spirit and commitment to the goals and values of EMC are maintained, the company will ensure that individual employees are treated fairly and with dignity and respect.

4.2 **Respect** — Every person we work with, both inside and outside the company is valued and treated fairly.

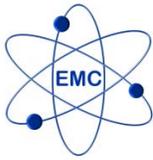
4.3 **Harassment** - Harassment can be described as unwanted behavior, which a person finds intimidating, upsetting, embarrassing, humiliating or offensive. Conduct involving the harassment (racial, sexual or of any other kind) of any employee is unacceptable. EMC's Anti-Harassment Policy provides detailed guidance on how to take action against harassment at EMC.

4.4 **Employee and management commitments** — The business runs better with experienced employees, and employees benefit from steady, long term jobs. With this in mind at EMC employees and management work together to create market plans, products and production systems that provide value to customers, profit to owners and steady jobs to employees.

5. **Rule of Law** *Not optional*

5.1 **Compliance** - EMC will take positive steps to comply fully with all relevant national and international law and will act in accordance with local guidelines and regulations, including those which are industry specific. It is the responsibility of all managers to ensure, by taking legal or other expert advice where appropriate, that they are aware of all local laws and regulations which may affect the area of the business in which they are engaged including tax and exchange controls.

5.2 **Accounting standards and records** - All accounting documentation must clearly identify the true nature of business transactions, assets and liabilities in conformity with relevant regulatory, accounting and legal requirements. No record or entry may be false, distorted, incomplete or suppressed. All company reporting must be accurate and complete and in compliance in all material respects with accounting policies and



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procedures. Employees must not mis-state or knowingly misrepresent management information for personal gain or for any other reason.

5.3 **Equal opportunity** - EMC values all of its employees for their contribution to the business. Opportunities for advancement will be equal and will not be influenced by considerations other than their performance, ability and aptitude. Employees will also be provided with the opportunity to develop their potential and, if appropriate, to develop their careers further with the company. EMC's Equal Opportunity Policy provides detailed guidelines for employees and managers to bring concerns to management's attention for action.

5.4 **Labor Laws** -- in dealing with its employees, EMC will act in compliance with national regulatory requirements and employers' obligations to employees under labor or social security laws and regulations must be respected. EMC will honor agreements made with legally established labor unions.

6. Implementation

6.1 Training

6.1.1 The HR Department shall:

- i) Provide training on this Policy annually to each employee.
- ii) Ensure every employee acknowledges reading it each calendar year.

6.1.2 The HR Department shall provide each new employee a copy of this Policy and ensure that new employees acknowledge reading this Business Ethics Policy within one month of employment.

6.1.3 The HR Department shall retain a record of the most recent Business Ethics Policy training for each employee.

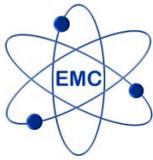
6.2 **Suggestions and Complaints**

6.2.1 Employees may report suggestions for improvements to ethical matters at any time. Reporting options include:

- In person to their manager
- Anonymously in writing to their manager
- Anonymously in writing or in person to the HR Manager
- Anonymously in writing or in person to the company President.

6.2.2 Employees must report any concerns about fraud, lying, cheating or stealing at the company as soon as possible after discovery. Reporting options include:

- Anonymously in writing or in person to their manager
- Anonymously in writing or in person to the HR Manager
- Anonymously in writing or in person to the company President.



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6.3 **Enforcement** - Any action by an employee, which deliberately or recklessly breaches this Business Ethics Policy, may result in disciplinary action and where appropriate, criminal proceedings.

Because Electro-Miniatures is small and privately held, there is a spirit of personal accountability that drives us to excellence, which is more powerful than the bottom line. It is a motivation that inspires us to higher levels of performance and integrity than mere compliance would require." - MSP