

CODE OF CONDUCT

Lumag Sp. z o.o.

Every company is only as good as its employees

Introduction

The goal of this Code of Conduct is, first, to ensure the commitment of LUMAG Employees to ethical conduct and to promotion of ethical conduct in business, and, second, to develop good workplace culture within the Company and between the Company and its environment.

- Core ethical principles include:
 - ❖ fairness and openness
 - ❖ accountability
 - ❖ integrity
 - ❖ treating one another with respect and dignity
- The underlying principle of ethical conduct is the conscious and explicit commitment to responsible behaviour in every situation in a fair, honest and reliable manner.
- The Code includes chief rules of conduct for all LUMAG Employees from the point of view of broadly understood business and social ethics, ensuring the fulfilment of the Company's mission, implementation of its strategy of development, and Customer satisfaction.
- This Code was developed on the basis of generally accepted rules of social conduct and does not cover all ethical principles. It defines central values guiding LUMAG in its relations with its Employees, partners, customers, competitors and local communities.

The Board and Employees of LUMAG are committed to upholding the highest professional and ethical standards outlined in this Code of Conduct and will do their utmost to ensure that this Code remains the foundation of all business and social activity of LUMAG.

Marek Żak

President of the Board at Lumag Sp. z o.o.

Budzyń, 10 December 2014

Company ethics and the Integrated Management System Policy

This Code is based on the Integrated Management System and OHS Policies.

- The ultimate objective of the Integrated Management System Policy is the constant development of friction materials and manufacturing technologies, respecting social and environmental principles.
- The ultimate objective of the OHS Policy is the protection of health and life of Employees through continuous work for safe and healthy working conditions.

The Code consists of principles defined in the following categories:

- Integrity and respect in business
- Customer satisfaction
- Employee ethics
- Preventing corruption and conflicts of interest
- Social and natural environment
- Commitment

Integrity and respect in business

Integrity and respect are the two underlying principles our corporate culture is centred around.

- We do not use unethical and illegal business practices. That is why we enjoy respect not only owing to our business achievements, but mainly because we are honest and fair.
- All LUMAG Employees, regardless where they are and what they do, must behave according to the principle of integrity in all dealings with business partners, customers, associates and suppliers.
- All dealings made on behalf of LUMAG are fair and properly recorded in our ledgers, in compliance with applicable laws and regulations as well as internal procedures and standards.

- We expect that our business partners will cooperate with us on the basis of fair play and will condemn all forms of unfair practices.
- All information, which is not public domain, is protected, even if not covered by a formal obligation ensuring its confidentiality. This principle also fully applies to information about LUMAG and its Employees as well as information about business partners and third persons.
- Confidential information can include trade secrets, business plans, forecasts, marketing programs, sales programs, lists of customers, price changes, technological product data, personal information about Employees, companies, etc.
- It is forbidden to gather and disseminate confidential information received from a third party, considering the risk of unintentional disclosure of received information during the course of duties.
- Competing on the market necessitates the collection of information about competitors. LUMAG collects information about its competition from a legal source.
- LUMAG attaches a lot of weight to protecting its image and reputation.
- LUMAG Employees use social media responsibly. They accept full responsibility for publishing company-related content, which could have a negative impact on its image.
- LUMAG Employees do their best to solve conflicts.

Customer satisfaction

Customer satisfaction is of utmost importance to us.

- Our customers are treated with due diligence.
- LUMAG strives to meet Customer expectations and aspires to ensure their highest satisfaction with products and services on offer.
- As a reliable business partner we strive to always:
 - ❖ Be reliable and decent in our actions,
 - ❖ Keep obligations, both in the form of written contracts and oral promises,
 - ❖ Keep appointments and come to meetings on time, adhering to the proper dress code,
 - ❖ Strive to amicably solve all disputes arising from contractual obligations.
- We admit our mistakes and strive to repair them.
- We do not disclose any information about the scope of our collaboration with the Customer to third parties. We follow the rules of ensuring confidentiality of information received from our business partners.
- LUMAG is committed to paying its liabilities to suppliers and vendors in the defined time and according to terms and conditions agreed.

Employee ethics

Adherence to ethical standards in the workplace is one of the main sources of Company stability and success. We believe that creating a positive atmosphere in the workplace strengthens the bond of Employees with the company and facilitates efficiency in all operations.

- LUMAG Employees are committed to ethical conduct and reacting actively to any signs of unethical conduct. In their work they are guided by the principle of full accountability for their actions.
- LUMAG Employees, before they accept any obligations, do their utmost to properly secure the interests of LUMAG in reference to all incurred liabilities and contractual provisions.
- LUMAG employees have the duty to use common sense in their actions, to ensure that Company property is neither misused nor misappropriated.
- LUMAG employees have the duty to call attention to all cases of theft, fraud and any other unfair conduct and to report them immediately and at all times.
- LUMAG protects personal information of its Employees. Employees have the right to protect their privacy.
- Relations between Employees, regardless of their positions, are a perfect example of decency, partnership, fairness, loyalty, mutual trust, respect and preserving personal dignity.
- In stressful situations we always strive to keep our emotions in check, maintaining professional demeanour.
- In the course of duties we effectively help one another, sharing knowledge, experience and information.
- We promote true authors of success and give credit where it is due. We do not accept credit due to other people.
- We promote thoughtful debates based on facts and strive to suggest better solutions instead of expressing harsh criticism. However, we do not shy away from expressing and accepting constructive criticism, seeing it as an opportunity to improve.

- We are focused on continuous personal development and the development of our company, raising its prestige and strengthening its position on the market.
- We support equal opportunities of all Employees and Candidates at all stages of the recruitment process and we prohibit all forms of discrimination.
- LUMAG Employees, expecting the company to pay their wages and salaries on time, in exchange undertake to pay all their liabilities on time and avoid compulsory deductions of their wages and salaries.

Preventing corruption and conflicts of interest

We do not accept offering and taking bribes or other illegal benefits, regardless of their form.

- LUMAG Employees politely, but firmly refuse to accept any financial benefits. They remember that accepting a so-called token of gratitude can make the person, who received it, feel obliged to return the favour, which can potentially challenge the objectivity of their decisions.
- LUMAG Employees do not accept, directly or indirectly, in the course of their duties and in connection with them:
 - ❖ money,
 - ❖ gifts,
 - ❖ services,
 - ❖ other benefits

from representatives of companies cooperating with LUMAG and any other persons or organizations, which could cause them to take or fail to take certain actions or facilitate certain actions in the course of their duties.

- All gifts given to Employees without their knowledge remain the property of the company, if their return is not possible.
- It is forbidden for LUMAG Employees to offer financial gain to any companies or people who have any professional ties with LUMAG.

- It is forbidden to initiate and conceal corruption attempts directed at LUMAG customers under the guise of false marketing activity.
- LUMAG Employees avoid situations, in which their objectivity in business decisions could be challenged. It specifically concerns external obligations and private relationships. Employees are obliged to inform their superiors in advance about their ties with persons/companies who/which are suppliers or customers of the Company. In this way the objectivity of their decisions will not be challenged.

Social and natural environment

We are of the view that all initiatives improving the well-being of communities are sensible from the point of view of economy.

- We see charitable activities as an important expression of social responsibility and support philanthropy of our Employees.
- LUMAG cares for and supports the children from the Children's Home in Szamocin.
- We do our best to apply strict standards of health and safety of Employees and all third parties on the Company premises. We provide training for all Employees to make them aware of their active role in preventing accidents and of their adequate responsibility.
- We respect nature around us. We care for the greenery and run a rational resource management policy.

We save:

- ❖ electricity,
 - ❖ natural gas,
 - ❖ water,
- and segregate waste.

- We strive to limit emissions of pollutants and noise.

- We implement and improve activities related to recycling and waste disposal. We feel obliged to use techniques of optimization to make our processes safer and more environmentally-friendly, limiting the use of resources at the same time.
- We encourage our suppliers to follow the principles of safety and environmental protection and to treat them as main factors in their development.

Commitment

- Ethical standards adhered to in LUMAG are general in nature and apply to all Employees, regardless of their position in the Company.
- The Board and Employees of LUMAG are committed to adhering to the highest ethical and quality standards, without any concessions.
- It is the duty of Employees to become acquainted with the requirements of this Code and to actively react to any observed signs of unethical behaviour.
- All violations of the Code are reported to the Head of the HR Department, who is obliged to investigate them and take necessary corrective measures.