

Employee Code of Conduct

I. Objective:

The company's objective in establishing this „Code of Conduct “is to promote ethics, honesty and professionalism within the company and among its employees. The company believes in being an integrated organization and that the action of every employee affects its entire organization and reputation. Any employee is obligated to strive for the extension of the Company's interests within legal limits, and responsible of preventing damages or loss of the Company's interests. The company expects all employees to abide by this Code in carrying out their duties and functions so as to preserve public trust and to ensure the company's sustainable growth and development.

II. Scope:

This policy and its related procedures and measures are applicable to all employees (including General Manager)

III. Content:

1. Morality and integrity

1-1. The company dedicates itself to abide by commercial ethics and firmly believes in the values of an integrated organization. This guideline has been introduced to outline applicable legal requirements and company policy required of the company and all employees. Any company employee with any query concerning ethics or legal matters is advised to consult with his or her division head or the company's legal division for guidance.

1-2. Ethical standards shall not be confined to legal compliance. Each individual shall be obligated to conduct all businesses ethically and to avoid any activity that would lead to a conflict of interest.

1-3. The principles governing ethics and integrity are comprised of:

1-3-1. Conducting all business with integrity and truthfully recording the process of all business dealings.

1-3-2. Ensuring proper confidentiality of all commercial information when executing a mission and retaining complete commercial and operational records, as well as respecting the commercial assets and intellectual properties of the company, each client and each strategic partner of the company.

1-3-3. All company accounting ledgers, invoices, records, accounting entries, capital and assets must be securely cataloged and safeguarded to ensure that all company transactions and business dealings can be fairly and accurately reflected. It is strictly forbidden to fabricate, falsify or create misleading claims or to fabricate or falsify any accounting entries, records, financial reports or any other related documents, or to make any misleading claims or records, or intentionally hide or cover the state of the company's transactions; nor it is permitted to open, maintain or access any illegitimate accounts with any bank or a third party institution with which to conduct account transactions related to the company.

1-3-4. It is forbidden to destroy, alter or forge any pertinent records that may likely be linked to an investigation, litigation or legal related settlement proceeding.

1-3-5. When coming across incidents involving alleged unethical conduct or suspicions of violation to this rule, all personnel are obligated to inform the company's management.

2. Respect for individuals and customers:
 - 2-1. The company respects the privacy and integrity of every employee and upholds strict standards of privacy and confidentiality for individual personal data. Treatment of customers and commercial data concerning other individuals shall also be bound by this principle of confidentiality.
 - 2-2. Each employee should endeavor to deal fairly with the company's customers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.
 - 2-3. The company is to maintain open communication channels that would encourage all employees to participate in company affairs and to express their opinions to supervisors of all levels.

3. Avoidance of conflict of interest:
 - 3-1. Prior to engaging in any business, investment or related activity that may lead to a conflict of interest between personal and professional relationships, the employee must fully disclose such conflict of interest to, and the potential conflict must be subject to review by, the General Manager's office.
 - 3-2. Employees should avoid incidents that may involve a probable conflict of interest - for instance, an employee moonlighting at a non-affiliated company; or an employee negotiating or conducting business transactions with the company which would benefit such employee or the employee's family or relatives personally. Employees are prohibited to (a) take for themselves personally opportunities that are discovered through the use of corporate property, information or position, (b) use corporate property, information or position for personal gain and (c) compete with the company.
 - 3-3. Any action that may possibly transfer the Company's resources or interests to employees, their relatives or friends is, in principle, prohibited. If such action is considered as beneficial for both the individual and the Company, it may be exceptionally permitted and proceeds only after obtaining the General Manager's approval.
 - 3-4. All employees are prohibited to provide or disclose openly company confidential information without securing proper authorization from the company. It is strictly forbidden to trade confidential or insider information for individual gain, or to benefit others or put the company's interest in jeopardy.
 - 3-5. All employees are forbidden to engage in any of the aforesaid activities through an agent, partner or any representative only to circumvent this guideline.
 - 3-6. All personnel that participate in the review, evaluation and selection of vendors should avoid any circumstance that has the potential to bias a fair decision.
 - 3-7. Unless otherwise approved by the General Manager in advance and in compliance with all applicable laws, employees are not permitted to take out or accept company loans on behalf of oneself or one's relative, or demand the company to issue liability guarantee.
 - 3-8. Unless for company's business, advanced authorization shall be sought prior to accessing any of the company's services, equipment, facilities, properties or any other form of resources. All employees should protect the company's assets and ensure their efficient use. The company's assets, whether tangible or intangible, are to be used only by authorized employees or their designees and only for the legitimate business purposes of the company.

4. Gratuity and business reception:
 - 4-1. All employees are prohibited to accept from or give to any customer, supplier or contingent party related to the company any kickbacks or any other form of illicit gain.
 - 4-2. All employees are strictly forbidden to accept gifts from the company's vendors or any cash, or any equivalent in monetary goods, i.e. gift certificates, check, stock certificate and the like.
 - 4-3. All employees are forbidden to accept lavish entertainment or reception.
 - 4-4. For the purpose of maintaining a normal business relationship, gifts that are to be presented to business counterparts should be imprinted with the company's logo.

5. Full, fair, accurate, timely and understandable disclosure:
 - 5-1. It is crucial that all books of account, financial statements and records of the company reflect the underlying transactions and any disposition of assets in a full, fair, accurate and timely manner.
 - 5-2. All employees who are involved in the company's disclosure process are required to know and understand the disclosure requirements applicable to the company that are within the scope of their responsibilities.
 - 5-3. It is critically important that financial statements and related disclosures be free of material errors.

6. Safeguard Associated with the Implementation of Code of Conduct and Reporting of Fraudulent Act:
 - 6-1. All employees are to comply with applicable governmental laws, rules and regulations, and the company's regulations and procedures.
 - 6-2. Employees, suppliers, customers or other related stakeholders can report illegal activity or major misconduct by managers or staff through the following channel:
 - 6-2-1. Send an email report to the General Manager at the following mail address
mirko@aparatura.hr

Once a report has been received, the Company will assemble an investigation team to conduct a thorough inquiry into the allegations made in the report.

 - 6-3. For the person reporting a violation of the Code of Conduct or engagement in fraudulence as well as any other related employee involved in all subsequent investigations of the violation, the company will provide safeguard measures ensuring them against any unfair retaliation or treatment.
 - 6-4. Those found violating or breaching the Code of Conduct are to face adequate corrective action by the company depending on the severity of the incident. It is the responsibility of each employee to carefully read, understand and comply with this Code of Conduct and, as needed, to seek clarification on any point.

General Manager
Mirko Pupić - Bakrač

Zagreb, March 14, 2016.

