

Anti-Bribery Compliance Policy

Elma Group

1. Introduction

The OECD (Organization for Economic Co-operation and Development), in its 2011 Guidelines for Multinational Enterprises, unmistakably states:

Bribery and corruption are damaging to democratic institutions and the governance of corporations. They discourage investment and distort international competitive conditions. In particular, the diversion of funds through corrupt practices undermines attempts by citizens to achieve higher levels of economic, social and environmental welfare, and it impedes efforts to reduce poverty. Enterprises have an important role to play in combating these practices.



2. Elma Group's Anti-Bribery Commitment

Elma Group business is clean, compliant business, by everybody, everywhere, every time.

Elma Group's integrity and standing in the global market is vital to the protection and further development of our brand, for the sustainable growth of our business and in the best interest of us as Board members and employees and of our shareholders.

Our key business values are integrity, transparency and accountable leadership (Code of Conduct and Ethics Elma Group). In standing up to these values, we, the Elma Board members and employees worldwide (**Elma Employees**) endorse this policy and will not bribe, and will not accept bribes.

Elma Group engages that intermediaries conducting services on its behalf will not bribe. Elma will run background checks, use written engagement letters and ask for compliance statements, demand detailed time sheets and only pay appropriate, normal remuneration to on-shore bank accounts.

We also commit to make no facilitation payments and to extend and accept gifts and invitations only if they are non-cash, customary and of modest value.

3. Definitions

Bribery is giving, offering, accepting, requesting or authorizing (directly or indirectly) anything of value for the purpose of inducing or rewarding a person to perform a relevant function improperly, in breach of an expectation that a person will act in good faith, impartially or with a position of trust, in order to obtain or retain business. An indirect benefit may also constitute a bribe, for example a benefit or advantage given or offered to an associate or a family member of a person or channeled through an intermediary.

Facilitation payments are small bribes paid to facilitate or accelerate routine government action.

4. Scope

This Policy is binding upon all Elma Employees worldwide. Its principles equally apply to all other persons associated with Elma Group, in particular business partners and intermediaries, if they perform services on behalf of Elma Group (for instance distributors, agents, advisors, suppliers etc.).

Elma Group does not distinguish between dealing with public officials or employees of private sector business partners. Under all circumstances, bribery, facilitation payments and undue gifts and invitations are forbidden.

5. Gifts/Hospitality

A small gift or token of esteem or gratitude is often an appropriate way for business people to display respect for each other and is – as a rule – permitted under local law.

Elma Employees may make customary gifts and extend customary invitations if of modest value and if they do not exceed USD 150 per instance / per person and are limited in total to three per calendar year.

Gifts by Elma Employees must always be in-kind (i.e. non-cash and non-cash equivalent) and shall be given openly and transparently. Gifts must be recorded in Elma books and records.

Elma Group keeps appropriate internal records and controls to evidence the legitimate business reasons and the frequency of gifts and benefits.

6. Donations / Sponsoring

Elma Group does not make any donations to political parties or politicians and does not engage in political sponsoring. Both activities are prone to bribery.

Elma Group does make charitable donations, subject to written request to and approval by the Group CFO (send application to edwin.wild@elma.ch).

7. Support, Reporting of Concerns, No Retaliation Commitment

If confronted with solicitation or extortion of bribes or requests for facilitation payments, we must immediately inform our superior or the Group CFO who will provide us with active support in time. Also, if we are in doubt whether a well-intended commercial offer, gift or invitation may create the impression of being a bribe or an undue gift or invitation, we immediately discuss the offer or invitation with our superior or the Group CFO (send email to edwin.wild@elma.ch).

If we have concerns regarding a business practice or business activities of our peers and/or our superiors etc., we immediately report our concerns to the Group CFO (send email to edwin.wild@elma.ch).

Reports by Elma Employees made in good faith will not be retaliated against. The Group Board of Directors and the Group Executive Board (GEB) explicitly commit that all Elma Employees who report in good faith will not suffer any disadvantage of any kind.

8. Sanctions

Corporations, for instance under the U.S. Foreign Corrupt Practices Act (**FCPA**), are subject to a fine of up to USD 2 million and individuals, including directors, officers, stockholders, employees, and agents are subject to fines of up to USD 50,000 and imprisonment for up to five years. For violations of the accounting provisions, the FCPA provides that corporations are subject to a fine of up to USD 25 million, while individuals are subject to a fine of up to USD 5 million and imprisonment for up to 20 years.

Any intentional or negligent violation of this policy, including turning a blind eye on violations, will be sanctioned by the GEB and will be communicated appropriately internally.

Elma Employees violating this policy will at the least be reprimanded and their salary and bonus could be cut. In severe cases, and subject to section 5 of the Code of Conduct and Ethics of Elma Group (Internal Leniency), they will be dismissed and sued for damages.

9. Entry into force/Supplementation

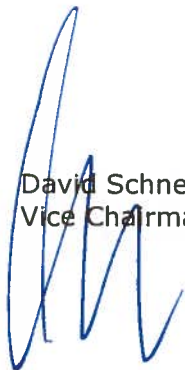
This policy has been approved by the Board of Directors on December 2, 2014 and enters into force on January 1, 2015. It will be supplemented from time to time, based on periodic risk assessments.

Wetzikon/Switzerland, December 2, 2014

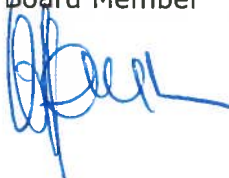
Martin Wipfli
Chairman



David Schnell
Vice Chairman



Walter Häusermann
Board Member



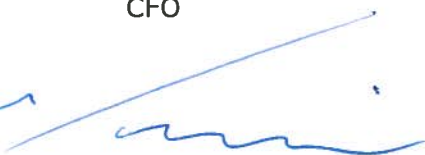
Rudolf W. Weber
Board Member



Fred Ruegg
CEO



Edwin Wild
CFO



Appendix to Elma Group Anti-Bribery Compliance Policy – DON'Ts

We, the Elma Employees worldwide, by way of example, DO NOT:

- (a) offer, promise or make to the Head of Procurement of the Department of Defence of Atlantis a fee payment of USD 50,000 for his "private services as an expert advisor", to be paid to the account of Dragon Trust in Hong Kong.

The law: It is forbidden by criminal law (**bribery**) and subject to imprisonment up to 10 years and unlimited fines, to offer, promise, or give any undue monetary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.

- (b) retain a local IT and communications expert with "good relations" to the members of the parliamentary security commission as an advisor without signing (i) a written engagement letter which (ii) specifies the services, (iii) requires proper and detailed accounting for time spent and expenses made, (iv) provides for appropriate fees (v) and contains a clear and binding compliance statement.

The law: It is forbidden by criminal law (**bribery**) to use third parties such as agents and other intermediaries, consultants, representatives, distributors, consortia, contractors and suppliers and joint venture partners for channeling undue pecuniary or other advantages to public officials, or to employees of their business partners or to their relatives or business associates.

- (c) give, cash, USD 200, hidden in the documents we are filing, to the customs officer, with the intention to secure standard customs clearance based on our complete and compliant customs documents.

The law: paying USD 200 as grease money (facilitation payment) to the official is in many countries treated as bribery or as a crime of its own and subject to imprisonment up to 3 and more years and unlimited fines.

- (d) invite Mr John Doe, Head of Division of state owned Air, Sea and Land Defense Ltd., to a factory visit and pay for his and his wife's airline ticket, hotel reservation and organize a pleasure flight and a visit to the opera.

The law: Providing non-customary advantages of pecuniary value to unduly influence the recipient in relation to the performance of official or corporate duties, in order to obtain or retain business, is a crime (**bribery**) and subject to imprisonment of up to ten years and unlimited fines.