



VELVAC, INC. CODE OF CONDUCT

The Velvac, Inc. Code of Conduct has been adopted to underscore the principles by which Velvac conducts its relations with employees, business partners and other stakeholders. It applies to all members of the Board of Directors and all employed by Velvac, Inc.

Velvac encourages suppliers, dealers, consultants and other business partners within its sphere of influence to adopt these principles. In the assessment of potential and current suppliers, the principles described in this document shall be applied.

Legal Compliance

In every country in which it operates, Velvac, Inc. shall abide by the laws and regulations of that country. In situations where the law does not give guidance, Velvac applies its own standards based on its corporate values and culture. In cases of conflict between mandatory law and the principles contained in this code, the law shall prevail.

Relations with Business Partners

Velvac, Inc.'s dealings with its business partners are characterized by fairness. Velvac shall not offer customers, potential customers, governments, agencies of governments, or any representatives of such entities, any rewards or benefits in violation of either applicable laws or reasonable and generally accepted business practices.

Velvac employees must not accept payments, gifts or other kinds of reimbursement from a third party that could affect or appear to affect their objectivity in their business decisions.

Accounting and Reporting

All financial transactions by Velvac must be reported in accordance with generally accepted accounting practices and accounting records must show the nature of all transactions in a correct and non-misleading manner.

Conflicts of Interest

Employees and members of the Board of Directors of Velvac, Inc. shall conduct their private and other external activities and financial interests in a manner that does not conflict or appear to conflict with the interests of the Company. Should such a conflict of interest arise, it must be reported immediately by the person subject to the conflict to his/her immediate supervisor.

Political Involvement

Velvac, Inc. observes neutrality with regard to political parties and candidates. Neither the names nor the assets of Velvac, Inc. shall be used to promote the interests of political parties or candidates.



Stakeholder Communications

Velvac, Inc. encourages an ongoing dialogue with its stakeholders.

Resource Efficiency

Velvac, Inc. products and processes are designed in such a way that energy and raw materials are used efficiently, and waste and residual products are minimized over the products' life cycles.

Precautionary Principle

Velvac, Inc. supports the precautionary principle by avoiding materials and methods posing environmental and health risks when suitable alternatives are available.

Labor

No form of forced, compulsory or child labor is tolerated by Velvac, Inc. The minimum employment age is the age of completion of compulsory school.

Work Environment

The necessary conditions for a safe and healthy work environment shall be provided for all Velvac, Inc. employees.

Responsibility of Managers and Employees

It is the responsibility of Velvac, Inc. managers to communicate and demonstrate the content as well as the spirit of this document within the organization, and to encourage employees to reveal behavior that may be non-compliant with these principles. Explicit or implicit approval of questionable actions will not be tolerated.

Reports of violations of this code may be done anonymously and confidentially to the Human Resources Department. Persons reporting violations in good faith will not be subject to retaliation.

This Code of Conduct will be promptly and consistently enforced. Failure to comply with its provisions can result in disciplinary action.

September 28, 2009