

# TECHNITROL, INC.

## ETHICS AND COMPLIANCE COMMITTEE

### CHARTER

#### **STATEMENT OF PURPOSE**

The principal role of the Ethics and Compliance Committee (“Committee”) is to oversee and manage ethics and compliance issues within Technitrol and its subsidiaries (the “Company”). The Committee shall provide assistance to the Company’s management, and its’ Audit Committee, to enable the Company to continue to operate according to the highest ethical business standards and in accordance with applicable laws and regulations. In performing this role, the Committee shall review the status of the Company’s worldwide ethics and compliance program, review and advise the Chief Executive Officer on any open cases and trends that may impact the business, and recommend future initiatives to improve compliance performance and effectiveness.

#### **DUTIES AND RESPONSIBILITIES**

The Compliance and Ethics Committee shall:

- facilitate the development, implementation and operation of an effective ethics and compliance program;
- promote an organizational culture that encourages law abiding and ethical conduct; and
- consider and resolve any issues of interpretation regarding any aspect of the ethics and compliance program.

The Committee will provide the oversight necessary to guide senior management and those employees and/or officers charged with operational responsibility with respect to ethics and compliance activities. The Committee may delegate its duties to those officers and employees of the Company and may hire independent counsel and other advisors as the Committee deems appropriate and necessary to fulfill its duties and obligations. To assist it in carrying out its responsibilities, the Committee may also form and delegate authority to subcommittees consisting of one or more members when appropriate.

As part of its responsibilities, the Ethics and Compliance Committee shall, on an ongoing basis, review and ensure that Technitrol’s officers and employees, as appropriate:

#### **Risk Assessment**

- Assess the risks of non-compliance with applicable laws or regulations and of unethical conduct by employees and independent agents.

### Policies, Procedures and Processes

- Develop appropriate compliance policies, procedures and processes for the program, including codes of conduct.
- Review and update, as necessary, those policies, procedures and processes.

### Training and Communication

- Increase employee, and as appropriate, agent, customer, supplier and shareholder awareness of compliance and ethics-related policies and procedures through training, distribution of codes of conduct, notifications, violations and other compliance communications.

### Auditing and Monitoring

- Audit and monitor adherence to the Company compliance and ethics-related policies and procedures, including, but not limited to, reviewing the Company's Business Ethics and Conduct certification process.

### Employment Actions such as Hiring and Background Checks

- Review Human Resource practices in hiring, promotion, separation, and other employment actions, including but not limited to compliance and review of matters relating to non-discrimination, harassment, privacy (e.g., Company's right of access to emails, internet usage policies, HIPAA laws, etc.) and other employment laws and the use, as appropriate, of background checks when hiring.

### Incentive and Reward Systems

- Implement systems, as appropriate, that provide incentives for promoting the compliance program and complying with applicable laws, regulations and Company policy (also potentially including retaliation policies and compliant conduct recognition).

### Reporting/Seeking Guidance

- Establish mechanisms for employees to report suspected misconduct or violations of Company compliance and ethics-related policies and procedures and receive guidance on compliance and ethics issues, including an anonymous reporting mechanism.
- Encourage employees and, as appropriate, agents to report possible violations of, and to seek guidance concerning, the Company compliance and ethics-related policies and procedures.
- Review the status and disposition of Ethics Hotline calls, internal management reports regarding compliance and ethical conduct violations, and any other sources from which alleged compliance or ethical conduct violations may result.

- Establish and communicate policies and procedures protecting employees and others from retaliation for reporting suspected misconduct.

#### Investigations

- Establish procedures to ensure that alleged compliance and ethics violations are appropriately investigated and resolved by the proper personnel in accordance with applicable laws and regulations and Company policies and procedures.

#### Discipline for Violations

- Review results of investigations regarding alleged compliance or ethics violations and discipline taken to ensure the corrective action and/or discipline is appropriate to the violation and to maintain consistency.

#### Disclosure of Violations

- Implement a process to determine if violations of laws or regulations or Company policies or procedures should be reported to appropriate governmental officials, internal committees or the Board.

#### Application of Program to Third Parties

- Evaluate the extent to which aspects of the compliance and ethics program will apply to affiliated entities such as joint ventures, agents and subcontractors (e.g., customer and vendor relationships, anti-trust laws, confidential and proprietary information, conflicts of interest, and our code of business conduct).

#### Evaluation of Program Effectiveness

- Monitor developments in applicable legal and regulatory standards, industry practice, and general best practices relating to compliance and ethics programs.
- Review effectiveness of the compliance and ethics program under applicable legal and regulatory standards, including the effectiveness of policies and procedures, training, auditing, monitoring, reporting, investigations, discipline, disclosure, and the awareness and promotion of an ethical culture in the organization.
- Review data/information on the frequency and range of disciplinary and corrective actions taken by the Company in response to employee misconduct, unethical behavior, violation of the Company's policies and resolutions of conflicts of interest and monitor the effectiveness of such actions.
- Evaluate the procedures for the receipt, retention and treatment of complaints and allegations, and for the sufficiency of the Ethics Hotline, including reviewing the performance of, and selecting, the outsourced organization used

to manage the program (if any) and the communication of its availability to employees.

### Authority

- Provide sufficient resources to ensure the persons assigned operational responsibilities relating to the compliance and ethics program have sufficient authority and support to fulfill their responsibilities.

In order for the Committee to provide effective oversight and review of these functions, the Committee members shall be informed on a regular basis by those officers and employees responsible for the various ethics and compliance activities, including but not limited to risk assessments; updates with respect to policies, procedures and processes; auditing and monitoring activities; changes to procedures relating to employment practices, e.g., hiring and background checks; investigations; hotline activity; disciplinary actions; disclosures; and the application of the program to third parties. As such, in order to carry out its oversight and review, the Committee may invite to its meetings, at its discretion, those officers and employees charged with operational responsibility over the compliance and ethics program as well as other interested parties. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors or counsel engaged by the Committee.

Employees seeking advice or counsel with respect to the interpretation of ethics and compliance laws, policies or procedures, or other aspects of the compliance program should contact either the Company's General Counsel or the Chair of the Ethics and Compliance Committee. The Chair of the Committee, upon the advice and general direction of the Committee itself, shall determine at his or her discretion any procedures with respect to such requests, and shall determine the extent and content of any submission to the Committee.

Questions pertaining to the operational aspects of the ethics and compliance program (e.g., hiring practices, training, business conduct surveys, audit reports, investigations) should be directed to the officer or employee charged with responsibility over such activities. However, the Committee may exercise its oversight to hear and review any such questions or answers/decisions related to the ethics and compliance program, including these operational aspects. Employees seeking the Committee's secondary review (oversight) of operating activities should contact the Chair of the Committee. The Committee shall determine, at its discretion, if and the extent to which it may hear and review any such operational questions/decisions (e.g., audit and internal accounting control matters will be referred to the General Auditor or Audit Committee), and the Committee shall determine any procedure or process for which to conduct such review.

### **MEMBERSHIP**

The Ethics and Compliance Committee shall consist of not less than three members, one of which shall be the General Counsel (or, if none, Associate Counsel) of the Company, and a second of which shall be the General Auditor of the Company. Initially, the Committee shall be comprised of the following members:

- Senior Vice President and Chief Financial Officer
- Vice President, Treasury and Taxes
- Vice President, Human Resources
- General Counsel (or, if none, Associate Counsel)
- General Auditor
- Vice President, or Director, China Operations

The Vice President, Treasury and Taxes, a licensed attorney, shall serve as the Chair of the Committee. The members of the Ethics and Compliance Committee shall be appointed by and may be replaced or removed by the Chief Executive Officer. To the extent there are any vacancies, the Chief Executive Officer shall promptly appoint new or replacement members; however, the Committee shall continue its work and hold meetings during the interim and shall adjust its quorum requirement (as described below under Meetings) as appropriate. The Committee may appoint a secretary to assist in the administration of Committee meetings, including drafting of minutes and maintenance of records.

The General Counsel (or, if none, the Associate Counsel) shall serve as counsel to the Committee and attend all Committee meetings. The counsel to the Committee shall provide legal advice to the Committee concerning the effectiveness of the Company's ethics and compliance program under applicable legal and regulatory standards, as well as any other legal advice relevant to the Committee's work.

### **MEETINGS AND ACCOUNTABILITY**

The Ethics and Compliance Committee shall meet quarterly. The initial schedule shall consist of meetings during the 3<sup>rd</sup> week of the month preceding the month in which a quarter ends (i.e., November, February, May, August); however, the time and date of each meeting is subject to change at the discretion of the Committee's members. The Committee shall meet more frequently to the extent deemed necessary or appropriate by its members, at its sole discretion, and can meet either in person or by other means.

A majority of the members of the Committee (including the Chair) shall constitute a quorum for doing its business. All material actions of the Committee shall be taken by a majority vote of the members of the Committee present at a meeting (in person, telephonically, or by any other means of attendance accepted by the Chair) at which a quorum is present or by unanimous written consent. Invited guests are not members and, thus, are not entitled to vote on Committee business. The Committee Chair is responsible for the leadership of the Committee, including the preparation of the meeting agenda and pre-screening requests for Committee review. The Committee and its Chair may delegate such of its authority and responsibilities as the Committee or Chair deems proper to members of the Committee or a subcommittee. Special meetings may be called by the Chair without notice, as long as a quorum is present to conduct business at such meeting.

The Ethics and Compliance Committee shall report to the Chief Executive Officer, and shall keep records of its meetings as it deems appropriate. To the extent requested by the Chief Executive Office, or by the Audit Committee or Board, the Committee shall report on its activities, including but not limited to the operation, contents and

effectiveness of the ethics and compliance program, and any alleged or perceived ethics and compliance violations.

If a matter involving a potential criminal offense, potential substantial risk of litigation or damage to the Company's reputation and/or involvement of a member of management is uncovered or identified, the Committee shall notify the Chief Executive Officer and General Counsel (or, if none, the Associate Counsel) upon discovery of the concern and keep them updated until the matter is fully resolved. Matters involving allegations of wrongdoing relating to accounting and auditing issues will be reported to the General Counsel and the Chief Executive Officer. An investigation will then be conducted under the direction of the General Counsel.

Minutes of the Committee's meetings are intended to be protected by the attorney-client and work product privileges and, thus, should be marked with a restrictive legend reflecting that protection. The minutes, once prepared by the Committee's secretary or other member of the Committee, shall be retained by the General Counsel of the Company within a secure, confidential file.

Reports to the Committee by an attorney or the General Counsel may be subject to the attorney-client and work product privileges. The Committee will maintain the confidentiality of these reports, except to the extent the Committee deems it necessary to disclose such reports or related information in carrying out its functions under this charter and the Securities and Exchange Commission Rules.