

SM Cyclo of Canada, Ltd.

Code of Ethics and Business Conduct Guidelines

Effective August 1st 2012

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FOREWORD

It is the policy of SM Cyclo of Canada, Ltd. (“SMC” or the “Company”), a subsidiary of Sumitomo Heavy Industries, Ltd., a Sumitomo group company, to conduct its affairs in accordance with the Sumitomo Spirit and Ethical Principles of the Company (see **Section I**), Company regulations and all applicable laws, rules, and regulations. SMC promotes strong commitment to the highest standard of ethics in its dealings with customers, suppliers, business associates, and its own employees.

This “Code of Ethics and Business Conduct Guidelines” (the “Code”) applies to every employee of SMC.

This Code is designed to promote

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Compliance with applicable governmental laws, rules, and regulations.
- The prompt internal reporting of violations of these Guidelines to the appropriate person.
- Accountability for adherence to the Code.

This Code discusses the ethical principles and standards of behavior that should guide all the Company employees in their daily work. This Code may be reviewed and updated from time to time as needed, and employees should make sure to refer to the most updated version of the Code, which shall be distributed to the employees.

This Code does not cover every possible subject or situation, and it is not intended to provide final answers. The Company promotes ethical behavior, and encourages employees to talk to supervisors, managers, the Human Resources Department, or other appropriate personnel when in doubt about the best course of action in a particular situation.

Any employee with questions concerning the “Code of Ethics and Business Conduct Guidelines” is encouraged to contact the Human Resources Department.

Anyone aware of a situation that he or she believes may violate or lead to a violation of the Code should follow the guidelines under Compliance and Reporting at Section XX below.

I. THE SUMITOMO SPIRIT AND ETHICAL PRINCIPLES OF SM CYCLO OF CANADA, LTD.

The Sumitomo Spirit

The businesses of Sumitomo have continued to grow and prosper, through even difficult times, for over three hundred years under the leadership of sixteen generations of heads of the Sumitomo family and others since Masatomo Sumitomo, the founder of the Sumitomo family, started the business around 1630. The modern-day Sumitomo group has evolved from that original business.

The guiding principles of the family's business management were derived from the precepts set forth by the founder, Masatomo; precepts which were deepened and developed by successive heads of the Sumitomo family. We call them the "business principles of Sumitomo" or the "Sumitomo Spirit". These precepts have become the management policy of the Sumitomo group.

Precepts of the Sumitomo Spirit:

1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.
2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

Employees should remember that Sumitomo and SMC were built upon these precepts of integrity, and that following these precepts is important to our future prosperity.

The Ethical Principles of SM Cyclo of Canada, Ltd.

All executives, officers, managers, and employees of SM Cyclo of Canada, Ltd. (collectively "SMC Employees"), must thoroughly and adequately understand the Ethical Code of SMC, must observe laws and regulations as a member of society and must engage in business activities fairly and ethically while performing their duties for the company.

1. Respect of Individuals

The fundamental human rights must be respected.

2. Observance of Laws and Regulations

All applicable laws and regulations, whether domestic or foreign, and codes and rules, whether those of SMC or the outside when applicable, must be respected and complied with.

3. Fair Competition and Transactions

SMC and SMC Employees must perform business activities pursuant to fair and free competition, and must not pursue any profits by inappropriate measures or inadequate or unethical activities.

4. Reject Involvement with Any Anti-Social Groups of Individuals

SMC and SMC Employees should firmly reject any connections to and/or relationships with groups or individuals that could interfere with public order, policy, or safety by imposing threats.

5. Protect the Environment

SMC and SMC Employees should protect the environment by not just preventing environmental pollution, but by saving resources and energy, reducing waste, and promoting recycling.

6. Respect Fair International Business Activities and Foreign Culture

In international business scenes and transactions, SMC and SMC Employees shall respect relevant cultures and customs as well as comply with all applicable international laws and regulations.

II. FUNDAMENTAL PRINCIPLES

Today, fairness and transparency are required of companies in all aspects. As members of society, we must respect societal norms while at the same time professionally working for SMC.

1. Establishment of Business Ethics

Employees must thoroughly understand the Company's ethical principles based on the Sumitomo Spirit, and conduct fair, transparent business activities as conscientious company employees.

2. Observance of Laws and Statutes

In the conduct of business, related laws and statutes of Canada and other countries, as well as company regulations, must be observed.

3. Respect for Human Dignity

Employees must respect each other's dignity and privacy, and should not discriminate against anyone in any way.

III. CONFLICTS OF INTEREST

All employees of the Company are expected to perform their jobs in a manner that protects and serves the best interests of the Company. A conflict of interest arises when your personal interests interfere with your ability to act in the best interests of the Company. While an employee may engage in personal activities outside the scope of his/her Company employment, these activities must not conflict, or create the appearance of a conflict, with the interests of the Company.

A conflict of interest may exist when an employee (or an immediate family member of the employee) knowingly

1. Holds a substantial financial interest in, is employed by, is engaged in the management of, or otherwise receives compensation from, any business organization that has current or known business with the Company as a contractor, customer, or supplier of goods or services, or competes with the Company in buying or selling goods or services.
2. Transacts business on behalf of the Company with any business organization in which he/she, members of his/her immediate family, or his/her business associates have a substantial financial interest.
3. Borrows money from or has loans guaranteed by any business organization that transacts business with the Company, other than loans made on normal credit terms from banks, insurance companies, finance companies, and others in the ordinary course of the business of lending money.
4. Engages in self-employment or performs paid or unpaid work for others in a field of interest similar to the Company.
5. Uses proprietary or confidential Company information for personal gain or to the Company's detriment.
6. Acquires any interest in property or assets of any kind for the purpose of selling or leasing it to the Company.
7. Appears to represent the Company as a participant in an outside activity unless the Company has authorized the employee to represent the Company.

There are numerous ways in which potential individual conflicts of interest may occur. Contacts and transactions with suppliers and customers are particularly sensitive to “conflicts of interest” violations, as well as to violations of other related Company policies on business practices. The following sections establish particular guidelines for these individual sensitive areas.

IV. BUSINESS GIFTS IN GENERAL

Employees or representatives of the Company may not offer, make, or accept entertainment, gifts, payments, contributions, or favors from any business organization having current or known prospective business with the Company as a contractor, customer, or supplier.

A “gift” or “favor” should be construed broadly to mean any non-promotional item or service with more than nominal value, and includes being provided with services or preferential treatment, such as the personal use of recreational homes at less than market value, as well as money or goods. Any gift or favor not in conformity with this guideline should be returned to the donor or refused with an appropriate explanation.

Consider a third party’s view. In deciding if a gift or activity creates a conflict of interest, it is equally important to consider not only whether any actual influence will occur, but also if a third party could view that gift or activity as a conflict of interest.

The provisions of this section do not apply to reasonable or customary entertainment or gifts of nominal value, so long as such ordinary activity does not violate applicable laws.

In terms of gifts to public officials, see guidelines on Dealings with Public Officials at **Section IX**. In terms of payments to non-Canadian low-level governmental officials under the Corruption of Foreign Public Officials Act, see **Section X**.

V. DEALINGS WITH CUSTOMERS

Our customers are of the utmost importance to the Company. Employees must always treat customers and potential customers according to the highest standards of business conduct.

It is the Company’s policy to sell our products and services on their merits and to avoid making disparaging comments about the products and services of competitors unless such comments can be substantiated. Employees should be careful in commenting upon the character, financial condition, or potential legal or regulatory problems of competitors.

Employees should follow the following guidelines in selling our products and services:

- Sell on the strength of our Company and our products and services.

- Do not make claims about our products or services unless the claims can be substantiated.
- Do not make claims about a competitor's products or services unless the claims are based on the competitor's current published materials or other factual data approved for selling purposes by the Company.
- If a potential customer has a contract with a competitor, or has placed a firm order with a competitor, do not try to convince the customer to breach that contract or order.
- To maintain the Company's valuable reputation, compliance with its quality processes and safety requirements is essential. Our Company's products and services should be designed and manufactured to meet its obligations to customers. All inspection and testing documents must be handled in accordance with all applicable requirements.

VI. DEALINGS WITH SUPPLIERS

The Company's suppliers – companies and individuals that sell goods, services, and facilities to the Company – are important to our business. Employees should always treat suppliers and potential suppliers in accordance with the highest standards of business conduct, and follow the principles of fair competition. The following guidelines should be followed in dealings with suppliers:

- Suppliers must be selected on the basis of objective criteria, such as price, quality, service, production/service capacity, and suitability to the Company's needs. When the Company makes purchases, it may not favor companies who are customers of the Company or any of its affiliates.
- Employees working with current suppliers must never intentionally interfere with a supplier's contracts or business relations with a competitor of the Company. In addition, employees must not attempt to influence Company suppliers to purchase from the customers of the Company or any of its affiliates.

The guidelines for Conflicts of Interest at **Section III** and Business Gifts at **Section IV** above apply equally to suppliers. The Company's suppliers will very likely have their own internal policy in these areas, and your adherence to Company guidelines will help to keep such suppliers from being inadvertently placed in a position of violating their own respective policies.

VII. COMPETITION LAW AND THE PRINCIPLES OF FAIR COMPETITION

Observance of the principles of fair competition in all business practices is a fundamental Company policy. These principles are essential to the continuation of the free enterprise system, and therefore, numerous federal, provincial, and foreign competition laws

prohibiting restraints of trade, unfair trade practices, or the abuse of economic power have been enacted with which the Company must comply.

Violation of Competition law is a very serious matter. A proven violation can result in millions of dollars of fines for the Company, as well as personal fines and imprisonment for individuals. It is the responsibility of all employees in their individual actions, and of every manager in supervising his/her area of responsibility, to ensure that the Company business for which he/she is responsible is conducted in accordance with the law. This is required whether the activity involves dealing with suppliers, customers, public officials, or other persons and entities.

These laws, as well as the Company's commitment to fair business practices, prohibit the Company or any employee from entering into, or even discussing, any arrangement or understanding which may unlawfully limit or lessen competition. Such prohibited conduct may involve pricing policies, the terms upon which products and services are sold, or any discussions or actions which might be construed as dividing customers or sales territories between competitors.

The principal competition legislation is:

The Competition Act

Part VI – Criminal Offences

The Competition Act is a federal statute. Its objectives are to promote competition and preserve the conditions under which markets operate freely.

It prohibits

- Price discrimination between competing customers when selling goods of like quantity and quality.
- False or misleading representations when promoting a product.
- Any attempt to influence the increase of or discourage the reduction of the price at which any other person offers or advertises a product within Canada.

Part VIII – Restrictive Trade Practices

Prohibits certain acquisitions, "interlocking" relationships between companies, and many "exclusive dealing" tied selling and market restriction arrangements affecting the sale of goods in domestic commerce.

Part VII.1 – Deceptive Marketing Practices

Unfair methods of competition and unfair and deceptive acts or practices in or directly affecting import or domestic commerce, including misrepresentations to the public

respecting the performance of the product or the supplier's ordinary price.
For more information and the full text of the document, go to:
<http://laws-lois.justice.gc.ca/eng/acts/C-34/>

DUE TO THE EXTREMELY IMPORTANT NATURE OF THIS SUBJECT, ANY EMPLOYEE WHO HAS QUESTIONS ABOUT THE LAWFULNESS OF ANY BUSINESS ACTIVITY SHOULD IMMEDIATELY CONTACT MANAGEMENT FOR GUIDANCE.

VIII. USE OF SALES REPRESENTATIVES, AGENTS, AND NON-EMPLOYEES

Commission or fee arrangements for sales representatives and agents in both domestic and foreign locations shall be made only with persons or firms pursuant to written contract, and in strict compliance with sound business practices on the selection of agents and payment of commissions. Such arrangements may not be entered into with any firm in which a government official or employee is known to have an interest.

In no circumstance may agents or other non-employees be used to circumvent the law, nor may employees and supervisors retain agents or other representatives to engage in practices contrary to the Company's standards of business conduct.

IX. DEALINGS WITH PUBLIC OFFICIALS

The Company's business requires it and its employees to maintain contact with public officials in Canada and foreign countries on a wide variety of matters. All employees, therefore, should be aware that various governmental entities have enacted formal, published codes of conduct and regulations that apply to elected and appointed public officials and their staffs, as well as to various other public employees. Those who deal with members or employees of such public entities should familiarize themselves with the relevant codes in order to avoid embarrassment or exposure to the official, the Company, or the employee. The following general standards govern all employee contacts with public officials:

All employees who deal with public officials are responsible for being familiar with and obeying all laws and regulations relating to their activity, in order to avoid embarrassment or exposure to the official, the Company, or the employee. These would include, for example, laws governing lobbying, record keeping, public disclosure, or recruiting or hiring current or former government employees.

As a general rule, all gifts to federal, provincial, or municipal employees are forbidden. In those infrequent instances when it may be customary and lawful to give such a gift, its appropriateness should be discussed with the employee's Manager and Human Resource Management prior to making the gift. Any gift provided under these circumstances must be of nominal value and must be given in an open and above-board manner. Under no circumstances should any employee make any form of payment or

gift, directly or indirectly, to any public official as an inducement to having a law or regulation enacted, defeated, or amended, or in order to obtain some benefit or avert some penalty under any law or regulation.

When not prohibited by law or relevant public officials' codes of conduct, employees may make gifts to public officials in the form of product models and pictures (or the like), provided the models and pictures are part of the company's general marketing and public relations programs.

On special ceremonial occasions, senior officers of the Company may publicly give gifts of more than nominal value to public institutions and public bodies. These kinds of gifts may commemorate special events or milestones in the Company's history, such as new facilities, dedications, and new product launchings. However, while these gifts may be transmitted through public officials, the actual gift recipient is the public institution or public group represented, and not the official.

Such entertainment may be provided only as allowed by applicable laws and regulations, and only under the following conditions:

1. The entertainment is not for the purpose of influencing the official in the exercise of his duties.
2. The public official does not solicit the entertainment.
3. The entertainment arises out of the ordinary course of business.
4. The settings and types of entertainments are reasonable, appropriate, and fitting to Company employees, their guests, and the business at hand.

Some public officials with whom employees have dealings might be candidates for election. The Company encourages its employees to participate, on their own time, in the political process. However, the choice of whether to participate, or whether to contribute time or money to support any political organization or candidate, is up to each individual. It is the Company's policy that Company funds shall not be used directly or indirectly for political contributions to any organization or candidate for office. This prohibition would include the use of any Company facility for partisan political activity, the purchase of tickets for political fund raising events, and the performance by an employee of services for any political organization or candidate, except on his/her own time.

X. CORRUPTION OF FOREIGN OFFICIALS ACT ("CFPOA")

The Company and its employees must comply with the laws of the countries in which it operates, including anti-bribery laws such as the CFPOA, which is a federal law of Canada. The CFPOA prohibits the giving of, offering, or agreeing to offer or give, directly or indirectly, a loan, reward, advantage, or benefit of any kind to a foreign public official,

or to any person for the benefit of a foreign public official:

- A) as a consideration for an act or omission by the official in connection with the performance of the official duties or functions; or
- B) to induce the official to use his or her position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions.

A “foreign public official” means a person who holds a legislative, administrative, or judicial position of a foreign state, or a person who performs public duties or functions for a foreign state.

Despite these prohibitions, there are certain narrow exceptions. The giving of, offering, or agreeing to offer or give, directly or indirectly, a loan, reward, advantage, or benefit of any kind to a foreign public official, or to any person for the benefit of a foreign public official is not an offence if:

- The loan, reward, advantage, or benefit is permitted or required under the applicable laws of the foreign state or public international organization.
- The loan, reward, advantage, or benefit was made to pay the reasonable expenses, incurred in good faith by or on behalf of the foreign public official, that are directly related to the promotion, demonstration, or explanation of the person’s product and services.
- The loan, reward, advantage, or benefit is made as part of the execution or performance of a contract between the person and the foreign state.

Certain “facilitating payments” are also permitted, in the case that a payment is made to expedite or secure the performance by a foreign public official of any act of a routine nature that is part of the foreign public official’s duties or functions, including

1. The issuance of a permit, license, or other document to qualify a person to do business.
2. The processing of official documents, such as visas or work permits.
3. The provision of services normally offered to the public, such as mail pick-up and delivery, telecommunication services, and power and water supply.
4. The provision of services normally provided as required, such as police protection, loading and unloading of cargo, the protection of perishable products or commodities from deterioration, or the scheduling of inspections related to contract performance or transit of goods.

An “act of a routine nature” does not include a decision to award new business or to continue business with a particular party, including a decision on the terms of that

business, or encouraging another person to make such a decision.

Employees may not make a “facilitating payment” on behalf of the Company, unless the proposed payment meets each of the above requirements. Generally, the Company will not have direct contact with foreign governments or their officials. However, since the CFPOA applies to Canadian citizens as well as Canadian corporations and their employees, **and provides for both imprisonment and fines**, compliance with its provisions and the Company’s policies on this subject is extremely important. Therefore, if you have any uncertainties regarding the consequences or propriety of a particular act or payment, you should not proceed with said act or payment until contacting the Human Resource Department or the Ethics Oversight Committee Chairperson.

For more information, go to:

<http://www.justice.gc.ca/eng/dept-min/pub/cfpoa-lcape/index.html>.

XI. POLITICAL ACTIVITIES AND CONTRIBUTIONS

All Company employees must be aware that their political efforts are to be conducted on a purely personal basis, on the employee’s own time and at his/her expense. Every employee has an obligation to ensure that he/she does not in any way imply that his/her political activity has the concurrence or endorsement of the Company. Therefore, in no instance should an employee use his/her position or title to elicit support on behalf of a candidate or political party. Employees who speak out on political or public issues must do so as an individual and not give the appearance of speaking or acting on behalf of the Company.

While employees are encouraged to undertake personal political activity consistent with good citizenship and in support of the candidates and/or party of their choice, these activities must be on the employee’s own time and at his/her own expense.

The Corruption of Public Officials Act prohibits the payment of money or anything of value to foreign public officials for the purpose of influencing any act or decision of that official.

In addition, employees may not make a political contribution on behalf of the Company or its subsidiaries, or with the appearance that such contribution is being made on behalf of the Company or its subsidiaries. A “contribution” is any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, services, or anything of value in connection with an election or to an organization or group formed to support or defend a referendum or ballot issue.

If you choose to seek or hold an elected or appointed political office, you must exercise care that this action is done by you as an individual. It must never be done at the request of or on behalf of the Company or its interest. Furthermore, it is important that you be sensitive to issues that are of special interest to the Company and, if appropriate, disqualify yourself from any actions or decisions which could be, or could appear to be, a

special benefit or detriment to the Company.

XII. ENVIRONMENT

All Company employees are to accomplish their tasks in a manner that complies with the laws protecting the environment, as well as those promoting the safety and health of all persons from unreasonable risks. Because environmental regulations are complex, and penalties for violations can be severe, the effort of all Company employees is needed to ensure environmental safety.

Employees must adhere to the following guidelines:

1. Comply with all applicable environmental, health, and safety requirements.
2. Comply with reporting requirements of the Company and government agencies regarding any event or condition required to be reported under Provincial or Federal law or regulation relating to accidents, environmental contamination, or material risk of contamination.

The Company requires that accidents, injuries, or potential hazards be promptly reported to a supervisor.

XIII. EXPORT & IMPORT CONTROL

Because of the international nature of our business, the Company is subject to the import and export laws and regulations of Canada and certain foreign governments. These laws and regulations govern the international transfer of all products and services of the Company, as well as technology, information and ideas belonging to the Company.

Under Canadian law, certain goods and technology (listed on the Export Control List, which includes all goods and technology of U.S. Origin) or which are destined for countries listed on the Area Control List require that the exporter first obtain a Federal export permit.

It is the responsibility of Company employees to ensure that proper documentation accompanies each export or disclosure. Failure to export or re-export without the proper export license or documentation can jeopardize the Company's compliance with Canadian export laws, as well as those laws of foreign countries. Non-compliance can result in denial of export privileges, criminal penalties, seizure of commodities, and fines to the Company and its employees.

It is the Company's policy to comply fully with all applicable Canadian and foreign laws controlling the export and re-export of products, technology (including software), and services.

XIV. GOVERNMENT INQUIRIES

It is the Company's policy to cooperate with any reasonable requests of government officials made in the performance of their duties. However, it is essential that the legal rights of the Company and its personnel be protected. To ensure that this is done, if an employee receives any inquiry, a subpoena, or other legal document regarding Company business from any governmental agency, the employee should immediately notify Human Resource Department Management.

If you are aware of a government investigation or inquiry, you may not destroy any record, books of account, or other documents relating to the Company unless advised by Company management, that you may continue to follow the Company's normal document retention policy.

You must not obstruct the collection of information, data or records relating to the Company. The Company provides information to the government to which it is entitled during an inspection, investigation, or request for information. You must not lie to government investigators or make misleading statements in any investigation relating to the Company. You must not attempt to cause any employee to fail to provide accurate information to government investigators.

XV. CONFIDENTIAL INFORMATION

The protection of the Company's confidential or proprietary information and trade secrets ("Company Information") is vital to the interests and the success of the Company. All information regarding the Company, including information regarding the Company's operations, financial information, products, future plans, marketing strategies, customer lists, equipment, materials, employees, computer processes, programs, and codes, is Company Information.

During the employee's employment with the Company and thereafter, employees will not directly or indirectly disclose to anyone outside the proper department of the Company any Company Information until such information becomes public or otherwise generally known to the industry, or is otherwise authorized by the Company.

Employees or representatives of the Company may use Company Information in the course of their work for the benefit of the Company. They may not use such information for personal gain or benefit, or permit the use of such information for the personal gain or benefit of others.

Employees who improperly use or disclose Company Information may be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information. Should an employee have any questions concerning this obligation, the Ethics Oversight Committee Chairperson should be contacted.

XVI. PRIVACY AND PERSONAL INFORMATION

The Company is committed to protecting the privacy of its employees and other individuals that it comes into contact with in the course of its business. "Personal Information" is information that can identify or pertains to an individual, such as name, address, social insurance number, salary information, medical history, compensation, educational background, reviews, and assessments. During employment and at all times thereafter, Employees shall maintain the confidentiality of Personal Information that he/she may have learned on the job, and will not use such information except in accordance with the Company's privacy policy.

If an employee learns that any Personal Information has been or is threatened to be lost, divulged, leaked, altered, or damaged, such employee shall contact Human Resources Department Management immediately, or call the Ethics Hotline.

XVII. INTEGRITY OF RECORDS AND FINANCIAL REPORTS

You are responsible for the accuracy of your records, time sheets, and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations and to compete effectively. The records and books of account of the Company must meet the highest standards and accurately reflect the true nature of the transactions they record. Destruction of any records, books of account, or other documents except in accordance with the Company's document retention policy is strictly prohibited.

You must not create false or misleading documents, including accounting, financial, or electronic records, for any purpose relating to the Company, and no one may direct an employee to do so. Employees are forbidden to use, authorize, or condone the use of "off-the-books" record keeping, secret accounts, "slush" funds, falsified books, or any other devices that could be utilized to distort records or reports of the Company's operating results and financial conditions. For example, expense reports must accurately document expenses actually incurred in accordance with the Company's policies. You must not obtain or create "false" invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans, or other financial arrangements for any purpose relating to the Company.

No undisclosed or unrecorded account or fund may be established for any purpose. No false or misleading entries may be made in the Company's books or records for any reason. No disbursement of corporate funds or other corporate property may be made without adequate supporting documentation or for any purpose other than as described in the documents. All employees must comply with generally accepted accounting principles and the Company's internal controls at all times.

Under federal legislation, the maintenance of falsified, inaccurate, or incomplete records can subject the offending individual and Company to civil and criminal penalties.

XVIII. APPROPRIATE USE OF COMPUTER SYSTEMS

Computer systems are indispensable tools for the use, movement, storage, processing, conversion, deletion, etc., of information (data). The safe and complete recording, storage, and accurate control of information require that computer systems be handled strictly in accordance with the following Company rules:

1. Information security

- The Company has designated information security software that must be installed in personal computers, and software that has not been approved by the Company may not be installed.
- Personal computers provided by the Company may not be taken outside the company without permission.
- Company data may not be taken outside the company on external recording media (USB memories, CD-ROM, external hard drives, etc.) without permission, or transmitted from personal computers.

2. Prohibition of unauthorized access

- Individual user IDs and passwords may not be disclosed to others.
- Access to internal or external computer systems by means of the improper acquisition of others' user ID or password is prohibited.
- Access to internal or external computer systems that have not been approved by the Company is prohibited.

3. Prohibition of reproduction without permission

- The unauthorized reproduction, processing or modification of marketed software as well as Company software is prohibited.

4. Limitation of Personal Use

- Company computer systems (Internet, Notes or other communications systems, personal computers, printers, etc.) may only be used for personal purposes during non-production hours, such as breaks, lunch, prior to and after work hours. Personal use of company computer systems is governed by SMC's policies and procedures.

XIX. INTERNAL ENVIRONMENT AND PERSONNEL POLICIES

The Company will conduct all transactions with employees and decisions about employment without regard to any employee's personal status protected by applicable law. All employees will conduct their work in such a manner that others inside and outside the Company are treated with professional courtesy and respect. The Company will maintain an environment free of harassment, alcohol, drugs, and recognized physical hazards.

The "Code of Ethics and Business Conduct Guidelines" is to supplement and amplify the

Company's existing personnel policies, rules, and standards, and assist the employee in complying with Company policy. It is not possible, however, through either these Guidelines or the Company's other policies, to cover every situation requiring guidance that may arise during an employee's employment with the Company. Therefore, the employee is strongly encouraged, should he/she at any time have questions about these guidelines or any other Company policy, to talk to his/her supervisor or a Human Resource Department representative.

XX. COMPLIANCE AND REPORTING

Any employee who acquires information that gives him/her reason to believe that any other employee or representative of the Company is engaged in conduct contrary to this Code has a duty to report that information to his/her immediate manager, or member of the Senior Management Team. Any manager receiving such a report will ensure that the appropriate action will be taken.

Who will be subject to disciplinary measures:

Any employee who

- 1. Violates the provisions of this Code
- 2. Deliberately withholds relevant information concerning a violation of the Code
- 3. Supervises the violating employee, to the extent that the circumstances of the violation reflect poor supervision or lack of diligence; or
- 4. Retaliates, directly or indirectly, or encourages others to do so, against an employee who reports a Code violation

will be subject to disciplinary action, up to and including termination. Willful disregard of criminal statutes underlying this Code may require the Company to refer such violation for criminal prosecution or civil action.

If you find yourself in a potential conflict of interest situation:

Contact your supervisor or a member of the Senior Management Team as soon as possible. Timely and adequate disclosure is the key to effective avoidance of conflicts of interest. Therefore, employees finding themselves in circumstances that they believe may represent a conflict of interest or the appearance of a conflict of interest should disclose the matter for evaluation to their immediate supervisor or Manager.

XXI. UPDATING

Periodically, the Company will review the Guidelines and make additions or revisions. Employees will be informed of all updates. New employees will receive a copy of this document.