

PKC GROUP'S
CODE OF CONDUCT

PKC GROUP 

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1. SCOPE AND PURPOSE

Corporate responsibility is a key element in PKC's operations. PKC operates with ethical business practices, takes responsibility for the operating environment and strives to minimize any harm caused to the environment, respects and promotes human rights, fair workplace practices and equal opportunities, and maintains a zero-tolerance policy on bribery and corruption. PKC Group's Board of Directors has ratified the Code of Conduct covering the whole group. The Code of Conduct sets principles for ethical business practice and is based on the highest ethical standards. Compliance with legislation, regulations and international norms is a fundamental requirement, from which it is not possible to deviate in any circumstance.

These guidelines apply to Group-wide personnel in Finland and abroad. Each PKC employee shall be responsible for conducting strictly in accordance with this Code and any other applicable policies related to the Group's business activities.

2. BASIS OF CODE OF CONDUCT

PKC operates with ethical business practices, takes responsibility for the operating environment, and strives to minimize any harm caused to the environment. The Group also respects and promotes human rights and fair workplace practices, equal opportunities, and maintains a zero-tolerance policy on bribery and corruption.

The reliability of the Group rests on the reliability of its employees. PKC Group aims to ensure that all Group employees conduct themselves in ways that demonstrates the Group's uncompromising ethical standards in all of their dealings with customers, suppliers, governments, the public, and each other. Our business must be conducted according to the highest standards of ethical behaviour. Observance of the applicable laws, regulations and Group's internal policies and practices is a requirement from which there can be no exception.

This Code supplements the other corporate policies and procedures already in place. The Code provides firm, uncompromising standards for each employee of the Group with respect to dealing with customers, suppliers, other employees, government agencies, the public, and other stakeholders.

3. COMPLIANCE AND GOVERNANCE

3.1 Compliance with Laws, Rules and Regulations

PKC Group is strongly committed to conducting its business affairs with honesty, integrity and in full compliance with all applicable laws.

Group companies and personnel are expected to comply with local legislation, international recommendations and standards as well as Group-wide and company-specific internal regulations and guidelines.

PKC is committed to conform to and apply the Guidelines for Multinational Enterprises issued by the Organisation for

Economic Co-operation and Development (OECD). In line with the OECD Guidelines, obeying domestic laws is the first obligation and while this Code like the OECD Guidelines and other international recommendations and standards extend beyond the law in many cases, PKC should in conflicting situations apply the law while seeking ways to honour the principles and standards of this Code, the OECD Guidelines and other international recommendations and standards.

Failure to follow laws may result in criminal penalties in accordance with local laws. Failure to follow Group-wide and company-specific internal regulations and guidelines may lead to consequences under applicable employment laws and regulations.

3.2 Governance

PKC's Corporate Governance structure and procedures have been described in the Corporate Governance guidelines ratified by PKC Group Plc's Board of Directors. The Guidelines are in line with the Finnish Corporate Governance Code. The Board of Directors is responsible for complying with the Corporate Governance guidelines and has committed itself to developing them further to benefit shareholders.

PKC's Corporate Governance Guidelines are available at PKC's website at www.pkcgroup.com. The Finnish Corporate Governance Code is publicly available, for example, on the website of the Finnish Securities Market Association at www.cgfinland.fi.

4. HUMAN RIGHTS

PKC Group respects and endorses the human rights and freedoms as defined by United Nations in the Universal Declaration of Human Rights (UDHR) to the extent applicable. PKC consider the following UDHR principles especially relevant: the right to equal opportunity and non-discriminatory treatment, the right to freedom of expression, the rights of workers and the right to security of persons. PKC is also committed to conduct its operations in line with the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises. The principles of the Universal Declaration of Human Rights are embedded in this Code and PKC's everyday operations.

PKC strictly bans any and all forms of discrimination and abuse of internationally accepted human rights. PKC supports and respects the protection of internationally accepted human rights and treats everyone fairly, honourably and equally. Employees must exercise honesty and loyalty in the performance of their duties and deal appropriately and ethically with customers, suppliers, authorities, public and other interest groups and colleagues.

5. EMPLOYMENT CONDITIONS

5.1 Equal Opportunities, Anti-Harassment and Sexual Harassment

PKC Group is committed to a policy of equal employment opportunity and prohibits discrimination or harassment against an employee or applicant on the basis of gender, race, colour,

religion, sexual orientation, age, disability, national origin, or any other protected status by applicable laws and regulations. Sexual harassment is not allowed.

These policies cover (i) all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of Group's facilities and (ii) all personnel actions in all job categories at all levels of organization.

5.2 Health, Safety and Working Environment

PKC Group is committed to promoting the health and safety of its personnel as well as complying with all local laws and regulations that apply to its operations, including those concerning health, safety and environment anywhere in the world.

Efficient labour protection is systematic and is based on the assessment of workplace dangers, co-operatively drawn up plans, and procedures that are followed by all employees. Working conditions and the level of both labour protection and health and safety are monitored continuously using various means, including regular workplace inspections and atmosphere questionnaires. Labour protection – which comprises maintaining the health of employees, preventing accidents and sickness, and the malfunction-free operation of production machinery – is a key element in supporting PKC's business operations and the improvement of both quality and productivity. Education, training, counselling, prevention and risk control measures have been implemented in all PKC's units.

5.3 Child Labour

PKC Group does not use or accept any use of child labour.

5.4 Forced Labour

Forced labour, including prison or debt bondage labour is not allowed.

5.5 Freedom of Association and Right to Collective Bargaining

PKC respects the right of its employees to form and join trade unions and their right to collective bargaining.

5.6 Discipline

Corporal punishment, mental or physical coercion or verbal abuse is not allowed.

Any and all disciplinary actions related to employment relationship are subject to local laws and regulations and company practices.

5.7 Working Hours, Holidays and Sick Leaves

Working hours shall comply with the applicable laws and work-weeks shall not exceed the maximum set by local laws.

Employees are entitled to keep holidays and sick leaves in accordance with local laws and regulations and company practices.

5.8 Salary and Fringe Benefits

Compensation paid to employees shall comply with all applicable wage laws, including those related to minimum wages, overtime hours and legally mandated benefits. Disciplinary deductions are not allowed.

Any fringe benefits and bonuses are subject to local laws and regulations and company practices.

Employees shall not make any false, artificial or misleading statements or entries in time cards, working records or like documents forming a basis for their compensation. Intentional misconduct or (continuous) gross negligence may lead to disciplinary measures and/or loss of employment.

5.9 Internal instructions and guidelines

Employees shall diligently follow all internal (both the group-wide and company-specific) rules, policies and guidelines related to the work.

5.10 Loyalty obligation

Employees shall devote their entire work and professional time, attention and energy to the business and affairs of the Group and shall use their best efforts, skills and abilities in the performance of the work and to promote the interest of the Group.

6. CONFLICTS OF INTEREST

No employee may have a personal, business or financial interest that is incompatible with the loyalty and responsibility owed to the Group ("conflict of interest"). Employees must act in accordance with the interests of PKC even when a conflict of interests arises between the employee and PKC. In order to observe good administrative practice and avoid unintentional embarrassment, any possible conflicts of interest should be reported to the superior and/or to the HR department.

It is not possible to identify every particular activity that might give rise to a conflict of interest. However, some practices and circumstances that may result in conflicts are described below.

6.1 Dealing with Suppliers, Customers and other Interest Groups (incl. authorities)

In any dealings with customers, suppliers and any other interest groups, employees always act as representatives of PKC.

Customer and supplier relationships are subject to the requirement of high ethical principles. Employees should be motivated to acquire goods and services and make transactions for the Group on terms most favourable for the Group. Personnel may not advance their own financial or other gains; all decisions must withstand public scrutiny. Friendship or family relations, for example, should not have any bearing on the content of the service, and the agreed limits of authority may not be exceeded. Different parties are given equal treatment, and the selection of a supplier or partner should be based solely on the overall economic superiority of the service or product that they offer.

Disclosure shall be made to the Group if an employee or any of his/her immediate family members has an ownership interest in a business that is a supplier or customer, or is performing services of any kind for, or is otherwise compensated by, such a business.

It is PKC's intent to maintain good co-operation with the authorities and employees shall show due respect and deal appropriately and ethically in any dealings with the authorities.

6.2 Non-competition; Secondary Employments, Outside Directorships and Consulting

Unless otherwise agreed in the employment contract, employees are entitled to work for another employer in their free time, or engage in an occupation that, with due consideration for the nature of the work and the status of the worker, does not constitute a competitive act that might damage the employer in violation of good practice in employment. Such action must not undermine the satisfactory performance of the employee's own work duties or cause a conflict of interests with PKC.

No employee shall work or in any way act in direct or indirect competition with the business activities of the Group Companies. Employees shall not directly or indirectly establish or acquire any firm or legal entity or part thereof that may operate in conflict with the business activities of the Group companies

A Group employee, if asked to serve as a director or consultant of another business or if contemplating actions that might be considered to be competitive, shall first receive clearance from the Group Company's General Manager or parent company's CEO.

Similarly, disclosure shall be made to the Group if an employee or any of his/her immediate family members has an ownership interest in a competitor's business or is performing services of any kind for, or is otherwise compensated by, a competitor.

6.3 Dealings within the Group

Conflicts of interest within the Group may arise, for example, in connection with a family member's or other closely associated person's employment by the Group. In case an Employee is in a position to affect employment conditions of his/her family member or other closely associated person (supervisory relationship), Employee must disclose such relationship to his/her own supervisor and/or HR department. The situation should be solved e.g. by transferring family member or other closely associated person to another position/under supervision of some other person or, if this is not possible, transferring the handling the employment relationship issues (development discussions, promotions, compensation, other employment benefits as well as disciplinary decisions) to some other person e.g. to Employee's own supervisor, to the extent possible.

7. ANTI-CORRUPTION

7.1 Anti-Corruption

PKC operates with zero-tolerance policy on bribery and corruption.

PKC Group's Board of Directors has ratified the group-wide Anti-Corruption Compliance Policy, which supplement Code of Conduct's prohibitions against giving and receiving bribes and defines employee responsibilities thereof.

PKC Group expects its Group companies and personnel to strictly comply with all applicable laws (e.g. the U.S. Foreign Corrupt Practices Act "FCPA") and to maintain the highest ethical standards of business conduct.

8. CONFIDENTIALITY, INSIDER ISSUES, PUBLIC DISCLOSURES

8.1 Confidential Information

The Group's trade secrets and proprietary information are parts of the Group's valuable intellectual property. These include technical, financial, operating, marketing and administrative information in many forms. Protection of their confidentiality is vital. A Group employee shall not use such information for personal benefit or for the benefit of anyone other than the Group. Confidential information should be shared within PKC Group only with those colleagues who have a need to know such information for performing their duties on behalf of PKC Group.

Also any information received in the course of work duties concerning customer's or supplier's financial situation, business secrets, business plan or personnel or other company-confidential or non-public information must be kept confidential from external parties as well as parties within the Group, unless they have a need to access the confidential information to further the purposes of the agreement/business relationship with the customer/supplier in question.

The company's information security policy and the related application instructions define the information security categories as well as the principles, objectives and policies of implementation and development related to information security.

8.2 Insider Information and Securities Trading

As a publicly traded Company, PKC Group Plc is required to provide full and fair public disclosure on a timely basis of any information or activities that would materially affect the value of PKC Group Plc's stock, options or any of its other securities. In the normal course of business, employees may become aware of such information or activities before they become public knowledge. Until it is released to the public, this knowledge is insider information and considered "top secret" information and shall be kept strictly confidential. Applicable securities laws are designed to protect the public by preventing

anyone with inside information from unfairly exploiting this knowledge. Acting on inside information for personal gain or releasing it to anyone else prior to its public disclosure is in violation of both the law and Group policy.

The following guidelines are intended to help in complying with the rules regarding inside information:

- Inside information shall be shared only with persons inside or outside the Group whose responsibilities require them to have the information in accordance with standard practices or prior approval by the President & CEO.
- The Group has standard procedures for the release of material information outside the Group. No such disclosure shall be made without strictly following those procedures.
- An employee shall not buy or sell PKC Group Plc's stock, or other securities, or direct someone else to buy or sell on his/her behalf or on the behalf of other parties if he/she has knowledge of material inside information that has not been made public.
- An employee shall not trade in another company's stock, options or other securities on the basis of inside information concerning such company learned in the course of their duties.

More information on insider information may be found e.g. on PKC Group Plc's corporate governance guidelines.

8.3 Public Disclosures

As a publicly traded company PKC Group Plc has a disclosure obligation under the provisions of the Securities Market Act, the decisions of the Ministry of Finance, as well as the rules and recommendations of the Financial Supervision Authority.

The parent company's Board of Directors defines the guidelines of communications and decides on the dates and content of the publication of matters falling under the scope of regular disclosure obligations as well as the publication of significant matters falling under the scope of continuous disclosure obligations. Investor relations communications are attended to by the chairman of the Board of Directors and the President & CEO and CFO in accordance with the guidelines set by the Board of Directors.

The President & CEO of the parent company is in charge of media contacts. A statement may be issued by an Executive Board member or a general manager of a subsidiary with the consent of the President and CEO. However, the statement may not concern disputes or PKC's current or former employees.

All queries by external parties, whichever level of security classification or whatever the enquiring party (colleague, customer, investor, authority or other stakeholder or the media) must be forwarded to the President & CEO or manager of the business area or operation, unless the release of the information forms part of the employee's work duties.

All statements issued must comply with legislation, regulations and good practice and are subject to the requirements and guidelines of PKC's information security policy.

8.4 Information Security and Information Systems

Employees are obliged to comply with the information security guidelines and rules issued at work and to exercise sufficient caution and diligence when handling or processing data and using information systems.

9. ECONOMIC PERFORMANCE

9.1 Financial Reporting, Accounting Systems, Books and Records

As a publicly traded company PKC Group Plc publishes its financial reports through Helsinki Stock Exchange. Reports are available on PKC's website at www.pkcgroup.com.

PKC Group's policy is that its books and records will fairly and accurately reflect all transactions and the acquisition and disposition of assets in reasonable detail and will conform both to applicable legal requirements and to the Group's systems of internal controls. Books and records will be maintained in accordance with International Financial Reporting Standards (IFRS) and accounting principles generally accepted in the countries where Group companies are located.

Employees must provide true, accurate and complete information in performing their duties for PKC Group and may not make false, artificial or misleading statements or entries in books and records including, but not limited to, time cards, working records, accounts and financial statements. No unrecorded off-the-books or secret assets of any kind may be maintained for any purpose whatsoever.

9.2 Coercion of Auditors

The integrity of the Group's audited financial statements is critical. No employee shall take any action to fraudulently influence, coerce, manipulate, or mislead the Group's independent public accountants engaged in the performance of an audit of the Group's financial statements for the purpose of rendering the resulting financial statements materially misleading.

The above shall also apply to Group's own and external party's personnel fulfilling other audits, inspections and reviews on the basis of internal guidelines, customer contracts, quality and environmental system requirements etc.

9.3 Other Reporting and Communications

The flow of necessary information should be free upward, downward and laterally throughout the Group.

Each Employee is responsible for providing adequate and comprehensive information, such as its own internal financial and operational data and data on compliance with external regulations and internal procedures in accordance with the internal

rules, regulations and policies. The information shall be reliable, material, timely, and provided in the agreed format.

10. PRODUCT RESPONSIBILITY

Quality is one of the Group's values. A high level of customer satisfaction is the result of high-quality daily operations. PKC observes and fulfils product safety requirements concerning our activities and products that are set by our customers as well as those laid out in legislation, regulations and standards. Product safety is developed systematically according to certified quality systems. Quality control and product development, which includes testing product safety, is continuously conducted. Deviations detected and opportunities for improvement observed in our operations are handled openly and obtained information is utilised in continuous improvement of processes and methods. Each employee must be aware of their and their departments', work's effect on product safety at all times, and they must be able to initiate and, where necessary, take preventive and corrective actions. Preventive actions of improving product safety cover all of our companies as well as the operations of suppliers directly influencing our own operations.

11. ENVIRONMENT

PKC takes responsibility for its operating environment and strives to minimise any harm caused to the environment. PKC wants to carry responsibility for the well-being of the environment by developing energy-saving solutions and by designing products where emissions and material usage are minimised. The environmental effects of manufacturing will be reduced by optimising deliveries, by improving energy efficiency in the production plants and via efficient management of materials. By reducing, sorting and recycling waste, the burden on the environment is minimised. Products are delivered to clients in recyclable and reusable packages in order to reduce packaging waste. Customers' environmental requirements are taken into account in the components chosen for products. As an important part of cooperation with suppliers, requirements are set for them to minimise their environmental impact.

12. RISK MANAGEMENT

Risk management is part of PKC's control system. PKC Group has in use a group-wide risk management policy, which the parent company's Board of Directors has confirmed. The objective of the risk management policy is to define the group-wide guidelines and set such goals for risk management that the group's overall risk level is evaluated systematically and comprehensively in order to achieve the business objectives. Other (Group-wide, unit and function-specific) guidelines linked to risk management have also been drafted, such as the Treasury Policy, Health and Safety Guidelines, Information Security Guidelines etc.

13. INTERNATIONAL BUSINESS

Employees worldwide, irrespective of geographic location, must comply with the applicable trade regulations that have been approved by recognized national and international

authorities, including laws/regulations, e.g., foreign exchange controls, export controls, embargos, custom duties, value added taxes, etc.

14. ANTITRUST/COMPETITION LAWS

Compliance with antitrust/competition laws and profitable operation are compatible objectives. Dealing fairly, equally, and openly with customers and suppliers, as well as competing aggressively and independently, are among the principles on which PKC has built its success. Failure to follow the antitrust and competition laws may result in criminal penalties under local laws. Primary responsibility for compliance rests with each individual. Employees may not enter into an understanding, agreement or plan, expressed or implied, formal or informal, written or oral, with a competitor with regard to prices, terms or conditions of sale or service, production, distribution, territories or customers. Furthermore, employees may not exchange or discuss with a competitor prices, terms or conditions of sale or service, or other competitive information, nor engage in other conduct that violates any of these laws.

15. SOCIETY

PKC aims to create value for its shareholders. PKC works closely with its stakeholders to maintain an active dialogue in order to ensure that the all our operations are sustainable and make a positive contribution to fulfilling our stakeholders' objectives.

No funds or assets of the Group shall be used to aid any candidate or nominee for national, state or local political office or to aid any political parties or committees unless otherwise permitted by law and approved in advance by the President & CEO.

Donations to charity and any monetary participation in charitable purposes, e.g. in the form of advertising in some charity's leaflets, shall only be made in nominal value and with discretion. Any larger amounts shall only be made in exceptional cases (e.g. natural disasters) with the prior approval by the Board of Directors. Donations to charity instead of normal holiday greetings and gifts are, however, encouraged.

16. PROTECTION AND PROPER USE OF GROUP'S ASSETS

Protecting Group's assets against loss, theft and misuse is the responsibility of every employee. Any suspected theft, fraud or inappropriate use of Group's assets should be reported to an employee's supervisor or the unit's HR department. Assets may only be used in accordance with internal guidelines and policies. Assets may not be sold, loaned, given away or disposed of without proper authorization.

17. USE OF E-MAIL AND INTERNET

Both the e-mail and the Internet are intended as a tool for employees to aid them in their work. E-mail content must not offend the recipient or be offensive to the sender, the company or a third party. Good practice must also be observed when using the Internet. PKC data systems may not be used to obtain

or store information that offends public decency. PKC's Information Security Policy Guidelines for Users contains more detailed information on the use of e-mail and the Internet.

18. IMPLEMENTATION

PKC Group Plc is a Finnish publicly traded company and its Board of Directors is responsible for the company's administration and the due organization of operations and the President supervises the operations and administration of the whole group according to the Finnish Companies Act. The Executive Board supports the President & CEO in managing the Group. Under this group management framework, each Executive Board member responsible for regional operations shall be responsible for the implementation of this Code within his/her region.

The General Manager of each operating unit is responsible for ensuring that the Code of Conduct has been trained to all employees and that all employees have access to a copy of the Code of Conduct in their local language. With respect to particular areas of conduct involving specific employees, further training and guidance will be provided as appropriate.

Each supervisor is responsible to oversee the conduct of each employee under his/her supervision and to ensure the employee's compliance with this Code and immediately respond to any breaches with corrective or disciplinary actions on a case by case basis. Any supervisor with knowledge of a violation of a more serious nature shall report it to the unit's HR responsible or General Manager, who shall take (further) action as appropriate.

If at any time a Group employee has engaged in, is about to engage in, has been asked to engage in, or suspects others have engaged in, conduct that may violate this Code, then any employee having knowledge of the matter shall report it directly to his/her supervisor or the unit's HR responsible. Any violations and suspected violations may also be reported anonymously and, where available, through third party service provider. PKC has a policy of non-retaliation against whistle-blowers.

Anyone violating this Code, whether occurring through individual misconduct, a failure to exercise adequate supervisory oversight, or a failure to report misconduct of others, shall be subject to appropriate disciplinary action. Serious misconduct may result in termination of employment.

Employees are encouraged to ask their supervisor for advice before making any decision about which they are uncertain.

PKC Group requires that its next tier suppliers and subcontractors acknowledge and implement relevant Code of Conduct requirements.

19. REPORTING

This Code and PKC's performance is administered on an ongoing basis. Adherence to the Code will be the subject of management attention and periodic internal reviews. PKC reports annually on its performance in its Corporate Responsibility Report that is in line with Global Reporting Initiative's guidelines.