



# CODE OF CONDUCT

## SKW GROUP

 **TECNO  
SULFUR**

**skw.**  
metallurgie



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## Introduction

SKW Group, a world leader in the processing of hot metals, seeking to offer an instrument to guide and help its actions and decision making, has created and distributed to its collaborators and partners this Code of Conduct.

Here you will find the main references that must govern the relationship of the company with its collaborators, the community, clients, and public entities, besides anticipating situations that characterize conflicts of interest.

We hope that this manual be a valuable tool to guide your decisions.

Sincerely,

[Official Compliance](#)

# Preface

Munich, October 2010

This Code of Conduct defines the ethical and legal landmark for our business activities. It contains the basic principles for our conduct within our company towards our external partners and the general public. It applies to SKW Stahl-Metallurgie Holding AG, its subsidiaries and affiliated companies (collectively “SKW” or “Company”), as well as our employees throughout the world.

It further reflects the idea that the economic success and good corporate citizenship are two inseparable goals of the Company. It also shows the Company’s commitment with promoting ethical standards in the work place and the maintenance of high standards of conduct when doing our business. In our Company, our aspiration is having a culture that promotes the ethical conduct and enables us to make the right choices – as individuals and as a company –, mainly because we believe that the reconciliation of our economic, social, and ecological responsibilities is critical to our success. All of us share the responsibility to assure that these core values be put into practice in our personal relations.

Thus, this Code of Conduct offer some of the basic principles that constitute an orientation landmark and not a detailed set of instructions about how to act for all people in the Company. Additional guidance may also apply to business sectors, corporate behaviors, or specific functions.

All Employees are responsible for knowing the corresponding laws and regulations, including this code of conduct and the supplementary guidelines. All managers are responsible for assuring their proper communication and supervising the compliance therewith. In all business situations in which the requirements of the law or this Code of Conduct do not seem to be complete or clear, the employees must make use of their judgment and common sense and seek for the assistance of their superior in the corresponding company or the Employee In Charge for the Compliance with Rules. All Employees are expected to follow this Code of Conduct and the supplementary guidelines, according to both their wording and spirit. Any violations of this Code of Conduct or any of the supplementary guidelines will not be tolerated.

As an additional help to our Employees, the Code of Conduct is supplemented by more specific guidelines, such as:

- Anticorruption Guidelines
- Guidelines for Use of IT Systems
- Antitrust Guidelines
- Guidelines on the Abuse of Proprietary Information [insider trading]

The Code of Conduct and the guidelines mentioned above have been delivered to each Employee and made available on the internet and Company's networks. Besides, relevant documentation on the compliance with rules can also be found at the Company's website.

We thank everyone of you in our Company for your commitment and support towards assuring the enforcement of this code according to our responsibility and also as a good corporate citizen.

*Ines Kolmsee*  
*Chief Executive Officer*  
*SKW Stahl-Metallurgie Holding AG*

## Definitions

### (1) “SKW” or “Company”:

SKW Stahl-Metallurgie Holding AG, its subsidiaries, and affiliated companies.

### (2) “Employee”:

All directors, executives, and employees of the Company (including all trainees and temporary employees).

### (3) “Third Party”:

Any person, except for the Employees, and any legal entity, except for the Company.

### (4) “Benefit”:

Any economic and non-economic advantage of any kind that is directly or indirectly offered or given to Third Parties or offered and received by Third Parties, particularly including gifts, meals, entertainment, travels, and lodging.

### (5) “Public Authority”:

- officers or employees of any governmental entity or other organization or public legal entity of any level, including officers or employees of state-owned companies and officers and employees of companies that are committed by a public entity or a state-owned company to manage public functions;
- judges;
- members of legislative bodies;
- soldiers;
- officers or employees of international public organizations and of the European Union, the European Atomic Energy Community, the Andean Community, the Mercosur, and other supranational organizations;
- candidates to political offices, officers and employees of political parties, as well as political parties themselves.

**(6) “Related Party”:**

People related to the Employee, such as:

- the Employee’s relatives;
- people living/residing with the employee;
- a trust for which the Employee acts as the trustee and that includes the Employee, his/her spouse, or his/her children as beneficiaries;
- a company controlled by the Employee or his/her spouse, either by the holding of shares, by the management of the company, or a trust relationship of any kind or otherwise.

**(7) “Code”:**

The Code of Conduct by SKW in its latest version.

**(8) “Local Management”:**

Members of the management of the affiliated companies or subsidiaries of SKW Stahl-Metallurgie Holding AG who are authorized to represent the corresponding affiliate or subsidiary.

# Chapter 1

## Collaborators

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### 1 Compliance with the applicable law and the SKW policies

Observing the law and the legal system of each country in which we operate is a fundamental principle for the Company. All Employees must comply with laws and regulations of the legal systems within which they are operating, besides the SKW applicable policies.

### 2 Management, responsibility, and supervision

*All managers must comply with their duties of organization and supervision.*

Delegating tasks to the Employees does not release managers from their general responsibility. Similarly, the general responsibility of the management does not release the Employees from their own responsibilities.

It is the responsibility of all managers to assure that there are no violations to the laws within their area of responsibility which a proper supervision could avoid. The managers must choose their Employees carefully, based on their qualifications personal and professional skills. They must provide accurate, complete, and imperative instructions to the Employees and assure that the compliance with law is continuously monitored.

Besides the responsibility of the Employees for their own conduct, they are also responsible for identifying any concerns regarding the conduct of the others. The Employees must report such concerns to the Local Management or to the Employee In Charge for the Compliance with Rules in case there is any suspicion that the Local Manager is involved in any illegal conduct.

### 3 Free and unrestricted competition

*The Company has an unqualified commitment to the principle of free unrestricted competition.*

Every Employee is required to comply with the rules of the competition law.

Many times, the antitrust evaluation may be difficult, in particular because the rules may differ from country to country and from case to case. The anticompetition practices, that are illegal by themselves, include the following: arrangement of prices together with the competitors; arrangements about market shares; arrangements related to production capacity, market divisions, client divisions, and agreements to dictate or control the sale price of a reseller. Any kind of arranged action, informal conversation, or “gentlemen’s agreement” that may restrict competition is forbidden. If you have any question regarding any specific activity or practice, please consult the Employee In Charge for the Compliance with Rules.

Therefore, the Employees must not:

- talk to competitors about prices, production, capacity, sales, price proposals, profit, profit margins, costs, distribution methods, or any other parameter determining or influencing the competition behavior of the Company with the purpose of trying to obtain a similar behavior from the competitor;
- to close an agreement, including an informal agreement, with the competitor for it not to compete, restrict relations with suppliers, presenting fake proposals and/or coordinating proposals for a bidding procedure, or divide customers, market, territory, or production programs;
- engage in informal conversations and unwritten gentlemen’s agreements in relation to a behavior that could have an impact on the competition;
- influence in any manner the resale prices charged by our clients.

More details are in the SKW Antitrust Guidelines within the Code of Conduct that is available on the Internet and in the Company's network.

## 4 Anticorruption

The Company expects that all its Employees and business partners abstain from any form of corruption in any country. Otherwise, appropriate measures will be taken against whomever violates that obligation.

The offer or granting of improper Benefits (active corruption) and the request or acceptance of improper Benefits (passive corruption) are forbidden. The general prohibition on corruption applies to national and foreign public authorities, as well as private commercial parties in a business transaction.

The Company shall not tolerate Employees that are involved in cases of active or passive bribery. Any Employee noticing such actions is expected to help document and disclose those circumstances immediately and with full cooperation. The Local Management and/or the Employee In Charge for the Compliance with Rules must be informed immediately.

More details are in the SKW Anticorruption Guidelines within the Code of Conduct that is available on the Internet and in the Company's network.

## 5 Conflict of interests

*All Employees must avoid conflicts between their own private or personal interests and those of the Company. The Company's interests must always prevail.*

In order to avoid possible conflicts of interest, the Employees have the duty of separating their private interests from those of the Company. Any decisions related to human resources must not be influenced by any private interests or personal relations (either direct or indirect or through Related Parties). Any potential conflicts of interests must be immediately disclosed to the Employee In Charge for the Compliance with Rules.

No Employee may use goods/services owned by the Company (equipment, property, or goods, vehicle, office supplies, documents, files, data storage media) for private purposes without the express permission from his/her supervisor.

Any Employee that is intending to accept an employment outside the Company, even as a freelancer, or to organize his/her own Company must inform his/her supervisor and obtain a written approval.

Even the impression of preferred treatment in business relationships with competitors, suppliers, service providers, and other business partners based on personal proximity with the Employees may be detrimental to the Company and must therefore be avoided.

## **6 Fair working conditions**

The Company is committed to fair employment practices and to the compliance with the applicable labor laws. It is committed not to tolerate any discrimination, harassment, or transgression.

## **7 Health and safety**

Health and safety are an integral part of all our business activities. It is the responsibility and duty of any and all Employees to take actions to promote health and safety, comply with all rules, regulations, and related work instructions, and use the personal protective equipment required by the applicable law.

## **8 Rules on the abuse of proprietary information [insider trading]**

The Employees having access to proprietary information about the Company are subject to the laws that apply to such information. Proprietary information means any specific information that is not publicly known and is related to the Company and that, in case it entered public domain, would probably have a material effect on the price of SKW's shares. Proprietary information must not be disclosed nor made available to a Third Party without authority for that purpose.

The Employees having access to proprietary information are not authorized to negotiate SKW's shares or recommend that Third Parties acquire or sell securities for which such information is relevant or otherwise induce any Third Party to do so.

More details, particularly regarding the periods of silence, can be found in the Guidelines on the Abuse of Proprietary Information [Insider Trading] of SKW, available in the Code of Conduct, and may be accessed on the Internet.

## 9 Environmental protection

*The Company complies with all applicable environmental laws, standards, and requirements and adopts a proactive long-term view about environmental issues to prevent pollution and continuously improve the environmental performance.*

The environmental protection and the safety of the products are largely important, not only for the Company's reputation, but also for the safety of our clients and the future generations.

The Company is aware of the importance of environmental protection when developing and manufacturing its products. We support the national and international efforts that aim at assuring the health of the environment. It is the responsibility of everyone to care for environmental laws to be properly complied with and resources to be efficiently used.

## 10 Confidentiality

*The confidential information of the Company must be protected.*

All documents and all other information about the Company's internal operations must be treated as confidential. The confidential information includes all non-public strategic, financial, technical, or commercial information, as well as all commercial secrets of the Company's business partners. It is not permitted to talk to Third Parties about events or projects in progress or in the future, technical details, or other confidential information or provide them access to such information in any other way. Disclosing commercial or corporate secrets of the Company's business parties is not permitted.

We hereby alert all Employees that the confidentiality may also be unintentionally compromised and recommend that all Employees treat confidential information with utmost care, in particular in public places, such as trains, buses, airplanes, etc.

Every person or external organization that receives confidential information will have to assign a confidentiality agreement.

## 11 IT Security

Every Employee that use the Information Technology systems must give special attention to the IT aspects related to confidentiality, such as data protection and security. Every documentation and (electronic) media for data storage must be kept in a proper place and under security. This particularly applies to sensitive data related to Employees and confidential commercial information.

The computer must be protected against unauthorized access by the required actions (such as changing passwords). Data can only be prescribed or copied for operating purposes. It is not permitted to access information that is not related to the activities of the individual person. The confidentiality of the mail correspondence and telecommunications must be kept at all times.

From the viewpoint of protection and integrity of the information systems, Internet is classified as a high risk connection. So, users must be aware of the peculiarity of navigating on the Internet before accessing it and using its resources.

Further details can be found in the SKW Guidelines for Use of IT Systems that is available within the Code of Conduct, and may be accessed on the Internet: [www.tecnosulfur.com.br](http://www.tecnosulfur.com.br)

## 12 Records and reports

All business transactions must be recorded in a true, proper, and timely manner. According to the established procedures, generally accepted accounting principles, proper accounting systems, controls, and audits, all Employees shall assure the reliability and accuracy of our accounts, records, and reports. The requirement of true statements also applies to accounts related to travels and other expenses.

## **13** How to handle the Company's property

Every Employee to whom a piece of property is trusted – either tangible or intangible – that belongs to the Company, that is, controlled by it, is in charge of using, protecting, and managing such assets. The expenses/funds must be treated with the due care. All Employees are expected to avoid damages, unnecessary costs, or other disadvantages and not to unduly appropriate the Company's assets.

## Chapter 2

# Management of procedures

### 1 Expressly prohibited

- Gifts in money or equivalent (loans, shares, stock options, and the like).
- Invitations for places that are improper for business purposes, in particular night clubs.
- Benefits prohibited by local laws.

### 2 Procedures requiring approval to receive or donate

- Any gift with market value exceeding R\$100.00 (even in cases related to donation of gifts that have Tecnosulfur's logo and that exceed the amount of R\$200.00).
- Any other offer or entertainment exceeding R\$250.00.
- Any benefit granted to a person the amount of which exceeds R\$750.00 a year.
- Gifts or entertainment related to Tecnosulfur's business donated from third parties or people related to SKW employees or mutually. In other words, third parties and other companies in which any employee of SKW Group participates cannot be used to intermediate any kind of donation to the suppliers/clients related to the processes of the company.
- Any and all benefits offered to public officers, except for small gifts, that are not directed to a Public Officer in particular and that do not exceed the commercial value of R\$100.00 a year.

### 3 Procedures not requiring approval to receive or donate

- Gifts fitting in the 6 Mandatory Principles and the fair market value of which does not exceed R\$100.00.
- In case of donation, gifts fitting the 6 Mandatory Principles and that bear Tecnosulfur's logo, if the purchase price does not exceed R\$200.00. It does not apply in relation to public servants.
- Other Offers and Entertainment fitting the 6 Mandatory Principles and the market value for which does not exceed R\$250.00. It does not apply to public servants.

### 4 Six Mandatory Principles

1. The Benefit must be permitted by local laws, regulations, and policies.
2. The Benefit must not be offered, given, or received in exchange for an improper advantage.
3. The nature and value of the Benefit must be appropriate to the occasion in which it is offered, given or received and to the position and circumstances of whomever receives it.
4. The Benefit must be offered, given or received in a transparent manner – that is, it must be visible and auditable. The Benefit must not be sent to the private address of whomever receives it.
5. The frequency of the Benefits being given to the same receiver must not cause the impression of bad faith or inadequacy.
6. Each Benefit received or donated must be recorded in an accurate and adequate manner and with reasonable details in the books and records of Tecnosulfur, regardless its value.

## Chapter 3

# Management of ethic guidelines

### 1 Complaints and Comments

All Employees have the possibility of presenting a complaint with their supervisors, to the Local Management, or to the Employee In Charge for the Compliance with Rules.

Any circumstances indicating a violation of the Code of Conduct must be reported to the supervisor, to the Local Management, or to the Employee In Charge for the Compliance with Rules.

The complaints may be presented in a confidential basis, and all of them will be investigated.

Every documentation will be kept confidential as long as law so permits. No retaliation of any kind will be tolerated against Employees that may have presented any complaints.

Within Tecnosulfur, employee Gleiciane Ferreira is designated for the management of documents and information related to the Code of Conduct.

E-mail: [gleiciane.ferreira@tecnosulfur.com.br](mailto:gleiciane.ferreira@tecnosulfur.com.br)

We inform that the full Manual of the Code of Conduct is available in our network (G:/Compartilhada/Compliance-CodigoConduta), in the sector of the Executive Secretary's Office, and at Tecnosulfur's website ([www.tecnosulfur.com.br](http://www.tecnosulfur.com.br)).

## 2 Additional information and contacts

The Company has created the office of Employee In Charge for the Compliance with Rules to supervise the implementation of the Code of Conduct and all supplementary guidelines and, thus, serve as point of contact in case of doubts.

We have appointed Ms. Juliane Drerup as our Employee In Charge for the Compliance with Rules. She may be contacted by e-mail ([compliance@skw-steel.com](mailto:compliance@skw-steel.com)) or by telephone (+ 49 173 3984816).

Besides being in charge of questions or concerns related to potential violations of this Code, the Employee In Charge for the Compliance with Rules has the following attributions:

- investigate possible violations of the Code;
- supervise the training of new Employees in the Policies of the Code;
- supervise periodical training sessions to refresh the knowledge of the Employees on the Code;
- updating the Code according to the needs and notify the Employees of any updates; and
- promoting, in other manners, an atmosphere of responsible and ethical conduct.