



# ETHICS POLICY

Automation Components, Inc.





## ETHICS POLICY

It is the policy of Automation Components, Inc. ("ACI" or "the Company") to observe high standards of ethics, honesty and integrity. Employees are required to uphold these standards. This means employees must not have any personal interest(s) that conflict in any way with the interests of the Company or its shareholders. Employees must not act so as to cause or create conflicts for any persons or entities with whom ACI does business. Employees must obey all applicable laws. Not every instance of a violation of this standard can be anticipated but the information set forth below is designed to address the most common workplace ethical problems.

What work place ethics are required by ACI? Ethical conduct on the job involves knowing what is right and wrong according to established standards and consistently doing what ACI's Ethics Policy requires. Doing what is ethically right is often confused with what is easiest, quickest or cheapest. ACI's Ethics Policy is built on basic ethical values that apply to every employee at ACI. These values include the following:

- Integrity. Being honest, keeping promises.
- Loyalty. Supporting ACI's missions and policies, protecting privileged information and the trade secrets of ACI and cooperating with other employees of ACI to promote common goals.
- Respect. Treating others professionally, with courtesy and tolerance, which includes customers, vendors/suppliers and employees of ACI.
- Accountability. Taking responsibility for one's actions and requiring the same of coworkers.
- Fairness. Acting consistently and impartially at all times.
- Responsibility. Obeying laws and regulations and acting appropriately towards the community where the business is located and towards the public in general.

Why is ethical conduct important? Ethical conduct is good for business and is the basis for long-term success in any organization. It promotes a strong public image for ACI because people respect an organization that makes ethical choices. Customers like doing business with an organization they can trust. Ethical conduct also makes the best use of resources. Money, time and effort are put into productive activities rather than diverted for questionable purposes or personal gain. Ethical conduct on the part of all employees also helps maintain quality and productivity. When employees follow ethical standards, they do not cut corners or shortchange the Company, its vendors/suppliers or its customers. Ethical behavior assists ACI to comply with laws and regulations because what is ethical is also legal. Last, but not least, ethical conduct boosts morale and promotes teamwork. When employees can trust one another and management, they can work together more harmoniously and effectively.

### ACI'S ETHICS POLICY PROHIBITS THE FOLLOWING ACTIVITIES:

- 1) To give or to receive gifts in connection with Company business relationships. This is not intended to restrict gifts of token value or routine business meals and entertainment that do not exceed \$100.
- 2) To derive personal gain, directly or indirectly, from purchases or sales made by the Company, other transactions to which the Company is a party, use of Company assets, use of Company facilities, or use of Company personnel.

- 3) To borrow money from or lend money to a vendor/supplier, customer, Company employee, or competitor. Normal personal and mortgage loans from banks and other financial institutions are permitted.
- 4) To accept outside compensation for work that is already being paid for by the Company or to accept outside employment that interferes in any way with the employee's position with the Company.
- 5) To violate applicable law pursuant to the instructions or direction of anyone, including any Company employee.
- 6) To sell, utilize, or disclose confidential information or trade secret information of the Company except in the pursuit of the best interests of the Company and then only upon express approval by management.
- 7) To compete with the Company.

#### REPORTS AND PERIODIC REVIEWS

- A) Any employee who is requested to make, authorize, or agree to any offer or payment which is, or may be, contrary to this Ethics Policy will promptly report such information to the employee's manager.
- B) Any employee who acquires information (for example, newspaper reports, reports from customers, reports from vendors/suppliers or statements of individuals involved) that gives the employee reason to believe that any employee is engaged in conduct forbidden by this Ethics Policy, or that any sales representative, distributor, or other person or firm representing the Company, in any transaction, is engaged in the type of conduct which, if engaged in by an employee of the Company, would violate this Ethics Policy, will promptly report such information to the employee's manager.
- C) Any manager receiving a report as cited above will promptly consult with the President of ACI and assigned Company legal counsel and thereafter will, after appropriate investigation, take timely remedial or other action as warranted to uphold the provisions of this Policy.

#### CONDUCT WITH CUSTOMERS AND VENDORS/SUPPLIERS —

##### GIFTS AND GRATUITIES

To ensure the highest level of objectivity in dealing with the Company's customers, vendors/suppliers, contractors and agencies and to avoid the appearance of impropriety, employees and their immediate family are not permitted to accept personal benefits, solicited or unsolicited, of any kind. This includes gifts, free services, discounts, loans, lavish entertainment or other special favors. Infrequent gifts valuing not more than \$100 may be accepted when they have not been solicited and are not being made in return for a special consideration or decision.

#### CONDUCT OF EMPLOYEES INVOLVED IN THE PURCHASING PROCESS: UNLAWFUL USE OF COMPANY FUNDS

Employees may not use corporate assets or funds for any unlawful or improper purpose. The Company does not authorize and will not condone any payment by any employee that is in the nature of a bribe, kickback, or undisclosed commission or a commission in excess of those that are customary and usual in the ordinary course of business to a third party for obtaining any business or otherwise bestowing a special favor on the Company or employee.

#### OTHER POTENTIAL ISSUES

- A) Any ownership position, of any employee or their spouse, held in any vendor/supplier firm must be disclosed to the President of ACI.
- B) Any family member employed by a vendor/supplier, or who has a financial interest in a vendor/supplier must be disclosed to the President of ACI.
- C) Any situation, or involvement with a vendor/supplier that could be construed, by a reasonable person, as a potential conflict of interest must be disclosed to the President of ACI.

#### VIOLATIONS OF THE POLICY

- A) Violations of this policy are grounds for discharge or other disciplinary action, adapted to the circumstances of the particular violation and having as a primary objective furtherance of the Company's interest in preventing violations and making clear that violations are neither tolerated nor condoned.
- B) Disciplinary action will be taken, not only against individuals who authorize or participate directly in a violation of the Policy, but also against:
  - (1) Any employee who may have deliberately failed to report a violation of the Policy;
  - (2) Any employee who may have deliberately withheld relevant and material information concerning a violation of this Policy; and
  - (3) The violator's managerial superiors, to the extent that the circumstances of the violation reflect inadequate leadership and lack of diligence.