

Dear Sirs,

The objective of Polska Grupa Zbrojeniowa S.A. (Polish Armaments Group) is to follow high standards not only with respect to the quality of our services but also to the way business relations are managed and maintained.

We would like to consciously and reasonably build our company's values in order to achieve excellent financial results and to offer top quality products and services. We believe that customer care and customer satisfaction present the greatest value. Our employees form a group of passionate, visionary and energetic people working for one of the largest defense concerns in this part of the world.

We are responsible for our actions and always comply with laws, regulations, standards and ethical rules applicable in the armament industry around the world. We promote fair and competitive business activity environment and pursue the rule of "zero tolerance for corruption".

We present you the Code of Ethics of the PGZ Capital Group containing the most important international law regulations and ethical conduct standards followed in our companies.

The values included in the Code of Ethics are of key importance for our work, reputation and relations we build with our customers, employees, shareholders and local communities.

The Code comprises detailed information on how to report alleged infringements and how to receive help in case of any doubt concerning ethical standards. All disputes are settled by the Ethics Commission.

The Code of Ethics is also a platform for dialogue and cooperation with third partners, i.e. for implementation of the CSR policy.

The Code of Ethics has not been developed to replace applicable law and regulations. It is a professional conduct guideline and applies all employees of the PGZ S.A. Group – irrespective of their position or scope of liability.

Our reputation and our success in the future depend on whether each of us takes responsibility for following the Code in practice. Together we can show the world that the PGZ S.A. Group is a united company sharing deeply rooted values and tradition.

Management Board

Polska Grupa Zbrojeniowa S.A.

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I. PGZ Capital Group

I.1 PGZ MISSION, VISION AND VALUES

Mission

We provide modern safety solutions

Vision

We are a national concern ranked among the top 10 biggest companies of the defense sector in Europe – a key element of the security system of the State

Values			
Cooperation	We are a passionate team with the vision of a secure world. Being involved in creation of a cooperation platform for public institutions, military, business and science, we contribute to Poland's strength on the international scene.		
Customer focus	Professional Customer approach, understanding Customer needs, product quality and production timeliness make us a globally recommended enterprise.		
Competitiveness	Our strong business position results from our policy to open up to new markets, develop innovative products, technologies and services, and remain open for changes. Whatever we do, we always look for the best cost-effects ratio.		
Commitment	We accept new challenges. We are focused on our actions . We are reliable. We learn to perform better every day.		

1.2 WHY IS THE CODE OF ETHICS IMPORTANT?

STANDARD:

WE RESPECT THE VALUES AND FOLLOW THE RULES INCLUDED IN THE CODE OF ETHICS OF THE PGZ CAPITAL GROUP IN INTERNAL RELATIONS AND RELATIONS WITH BUSINESS PARTNERS AND OTHER STAKEHOLDERS

The Code of Ethics lays down basic principles that must be adhered to by all employees of the Companies forming the PGZ Capital Group and outlines the values we should follow in decision making.

The Code of Ethics provides information on where to find detailed guidelines concerning specific matters. In other words, the Code of Ethics helps us make right decisions when we face difficult choices. With the standards adopted, we build trust and have a positive impact on those who we meet every day.

All employees of the Companies forming the PGZ Capital Group are obligated to follow and enforce the Code of Ethics; failure to do so may result in jeopardizing both the company and ourselves.

If you become aware of any breach of our Code of Ethics or if you have any doubt concerning a situation you have witnessed, you should immediately take appropriate actions and report your concerns.

Chapter V of the Code of Ethics contains detailed information regarding different ways of reporting a breach of the Code of Ethics, including reporting via our Ethics Hotline.

Question: My company follows its Organizational By-Laws. Do I still have to comply with the Code of Ethics?

Answer: Yes. The Code of Ethics is an in-house legal instrument laying down the rules of ethical conduct of employees and third partners. Breaching the Code of Ethics may result in disciplinary proceedings and the case examined by the Ethics Commission.

- we are obligated to act in line with the applicable Code of Ethics and to care for a good image of the PGZ CAPITAL GROUP;
- any breach of the Code of Ethics should be reported directly to your superior or to the Office for Ethics and Anticorruption Procedures.

1.3 PRODUCTS OF THE PGZ CAPITAL GROUP

STANDARD:

OUR BUSINESS IS DRIVEN BY SECURITY, HIGH QUALITY, INNOVATIONS AND DEVELOPMENT OF QUALIFIED EMPLOYEES

For almost one hundred years the Companies forming the PGZ Capital Group have prioritized development and product innovation to provide our army with top quality military equipment.

As customers' trust in our products implies constant improvement, we are focused on technological development and commitment to R&D.

We cooperate with leading Polish universities whose best graduates may find a job in our companies.

We satisfy all legal requirements, adhere to good practices and meet customers' expectations regarding quality and security.

We implement international standards concerning quality management systems, environmental protection as well as information and personal data security. Question: What are the implications arising from the tradition of production of military and civil equipment by the companies forming the PGZ Capital Group?

Answer: The tradition of our companies compels us to manufacture top quality equipment and to focus on innovation and constant development.

Question: I work on a production line. What should I do if I discover that some products do not meet the standards of the PGZ Capital Group?

Answer: Products
manufactured by the PGZ
Capital group mean top
quality products. If you
notice that some products
do not meet the
standards of the PGZ
Capital Group, you should
immediately report the
issue to your superior or
to the Office for Ethics
and Anticorruption
Procedures. Quality
specialists will then take
all necessary actions.

- · we meet high expectations of our customers;
- product quality improvement is our priority in everyday work;
- our business partners must follow high quality standards to which our business has committed;
- all incidents that may result in the loss of quality in our products must be reported by our employees to their superiors or to the Office for Ethics and Anticorruption Procedures.

I.4 INFORMATION SECURITY

STANDARD:

WE ARE COMMITTED TO ENSURE INFORMATION SECURITY

Information security issues are one of the most important pillars of operation of the Companies forming the PGZ Capital Group.

Each of us is responsible for information security within and without the company.

We must strictly follow legal regulations concerning the flow of confidential information constituting business secret.

Our actions in social media (Facebook, Twitter) must be consistent with the information security policy of the companies forming the PGZ Capital Group.

We protect confidential and strategic information and prevent unauthorized use thereof.

We develop ICS-CERT systems to counter cyber attacks and to prevent stealing information from the internet.

Remember:

- we are obligated to ensure safety at work;
- we must ensure security of information that is strategic to company's operation;
- we care for a good image of the PGZ Capital Group.

Question: I sometimes receive e-mails from unknown senders. What should I do?

Answer: Do not open e-mails the origin of which you are not sure.
Report any such incident to your superior or to the Office for Ethics and Anticorruption
Procedures.

Question: In a nearby restaurant I heard my colleagues talking too loudly about strategic plans of our company. I was concerned about it as other tables were occupied by complete strangers. What should I do?

Answer: Knowledge about operational aspects of the company should be shared carefully even if we talk with another employee of the company. You are obligated to admonish your colleagues. If you do not want to do it personally, report your concern to our Office for Ethics and Anticorruption Procedures.



II. PGZ CAPITAL GROUP AS AN EMPLOYER

II.1 EMPLOYMENT IN THE PGZ CAPITAL GROUP

STANDARD:

RELATIONSHIP BETWEEN AN EMPLOYER AND AN EMPLOYEE ARE FOUNDED ON RESPECT AND PERSONAL DIGNITY

We are using our best endeavors to ensure that the companies forming the PGZ Capital Group create good work environment and become employers of choice.

We expect our employees to be committed, to diligently perform their duties and to avoid conflict of interests.

We apply transparent employment procedures.

We ensure our employees and job seekers are treated with dignity. We do not tolerate any form of discrimination.

We pursue an open information policy and make it possible for employees to report any concern regarding employment, security and working conditions.

We help our employees improve their qualifications and support them in their development.

We inform our employees about main objectives of our activity and about tasks ascribed to different job positions by means of clear and commonly available communication channels.

We highly value our employees' family relations and their private lives. We follow the norms pertaining to working time and respect our employees' needs to rest. We do not accept any violation of employees' rights. We support family-oriented initiatives, e.g. material aid, flexible working hours (individual approach to the needs of young parents).

Remember:

- We comply with labor law regulations and with standards that are connected thereto and that have been approved as applicable by the PGZ Capital Group;
- we care for security of our employees and we ensure employee-friendly work stations;
- we do not take any actions that could have an adverse impact on performance of our obligations towards employees, undermine their trust and reduce their commitment and, in consequence, prove detrimental to the image of the PGZ Capital Group.

Question: I have worked in the company for 5 years. I have reported to my new superior for several months. Unfortunately, I feel I am discriminated by my superior against my age. What should I do? I am committed to company's activity and I wish to maintain good relations in my place of work.

Answer: We do not tolerate discrimination against the age of our employees. If you feel that your superior treats you against our rules, you should immediately report your concern to the Office for Ethics and Anticorruption Procedures.

II.2 DISCRIMINATION

STANDARD:

WE DO NOT TOLERATE ANY FORM OF DISCRIMINATION

Equal rights of all employees or job candidates are one of our priorities.

We do not tolerate any forms of discrimination at the workplace, especially on the grounds of gender, race, age, origin, religion, disability, belief, sexual orientation, social status, marital status, invalidity, and membership in political parties or trade unions.

We do not tolerate mobbing; we undertake preventive actions in order to avoid situations where employees could experience physical, sexual, psychological, verbal or other forms of harassment.

Mobbing and discrimination are not tolerated also during business trips, either during working hours or outside them.

We do not agree to superiors abusing their position or post and forcing employees to perform work during the night (10 p.m. - 6 a.m.) in unjustified situations. Furthermore, we always respect our employees' right to rest: we avoid conducting business correspondence and other forms of interference with our employees' free time during the night and on days off, unless they arise from a previous arrangement with the superiors or urgent and justified needs of the employer.

We have an established system for protecting employees against discrimination and ill treatment which is described in detail in the Anti-Mobbing Procedure.

Remember:

- any form of discrimination at work is prohibited;
- the company has implemented procedures in case of mistreatment;
- there are discrete intervention channels for persons suffering from mobbing;
- as employees of the PGZ CAPITAL GROUP, we are obligated to report mobbing incidents which we have witnessed or of which we have become aware.

Question: My superior has been rude to me for several months and has treated me differently from the rest of the team. When I come to work, I feel stressed, which makes me less effective.

I am afraid to report my concerns because my boss is a member of the Management Board.

Answer: In our company we do not tolerate any form of mobbing. Each employee of our company, irrespective of his/her position, must follow the same legal regulations and in-house rules. You should immediately report your situation to the Office for Ethics and Anticorruption Procedures.

Question: During a business trip, my superior texted me after 10 p.m., requesting that I complete some task for the next morning. Was he entitled to do it? How should I react?

Answer: Assigning tasks outside working hours is possible only in case of extraordinary needs of the employer. If you think that this was not the case, you have to report it to the Office for Ethics and Anti-Bribery Procedures.

Question: I am abroad, negotiating an important project. My superior asked me to report immediately after the talks end but, because of the time difference, I would have to do it at night. What am I to do?

Reply: Previously agreed correspondence conducted outside working hours is permissible.

II.3 SECURITY, HEALTH, WORKING ENVIRONMENT

STANDARD:

WE CARE FOR OUR HEALTH, WE WANT TO ENSURE EMPLOYEE-FRIENDLY WORKING ENVIRONMENT

We are all responsible for safe, clean and friendly workplace. We diligently implement new technologies and processes that minimize a negative impact on environment.

Our production lines meet quality and safety standards.

Each of us is personally responsible for safety, health and environment in a workplace.

At work, we never drink alcohol, use drugs or other psychotropic substances; we never come to work under the influence thereof.

We follow national and international standards regarding occupational health and safety. We control a negative impact of our processes on working environment and we plan actions to mitigate risks within that scope.

We raise our employees' awareness regarding habits that protect health and ensure safety at work.

Question: In our facility there are many people complaining about their health problems caused by high levels of air pollution in the production hall. Our superior is not interested in the health of employees. What should we do?

Answer: You should immediately report this issue to the Office for ethics and Anticorruption Procedures, which will take appropriate steps to clarify the situation.

- we are obligated to ensure safety and care for health and environment in our workplace;
- we improve methods to identify threats and to prevent accidents at work and occupational diseases;
- we care for environment and for that reason we are obligated to reduce paper, water and energy consumption.

II.4 CONFLICT OF INTERESTS

STANDARD:

WE AVOID CONFLICTS OF INTERESTS

An employee of the PGZ Capital Group should not participate in a task which may result in a conflict of interests understood as a conflict between professional duties and the employee's private interests.

Employees of the PGZ Capital Group should avoid situations in which their personal interests may inappropriately influence the execution of their professional duties.

We should never exploit our position within the PGZ Capital Group for the purpose of achieving gains for ourselves, our relatives or friends.

At PGZ S.A. and the PGZ Capital Group we do not tolerate any forms of nepotism or cronyism. It is recommended not to employ at PGZ S.A. or in PGZ S.A. Companies (a Company from the PGZ Capital Group) members of an employee's family, his or her blood relatives and in-laws, i.e. spouses, blood relatives and in-laws in strength line, collateral blood relatives and in-laws up to the 2nd degree, if it would result in a relation of dependence or professional subordination, or given that a similar scope of duties might affect mutual relations between Companies within the PGZ Capital Group. Blood relationship or affiliation by law referred to above may affect the impartiality and objectivity of an employee's decisions and actions, which is considered to constitute a conflict of interests.

In case of a conflict of interests an employee should notify his or her superior or the Ethics and Anti-Corruption Office immediately in order to find an adequate solution as soon as possible.

Remember:

- we do not provide consulting services to companies which compete with entities forming the PGZ CAPITAL GROUP;
- we do not hold shares in any competitive company in the volume that would allow to influence business decisions made in that company;
- all relations with third-party entities that could result in a conflict of interests must be reported to a superior or to the Office for Ethics and Anticorruption Procedures.

Question: A member of my family works in a company that is soliciting an agreement with the PGZ Capital Group. What should I do?

Answer: If a member of your family holds a position which allows him/her to gain direct access to information regarding potential future cooperation, a conflict of interests may occur. You should immediately report that conflict of interests to your superior.

Question: The authorities of my commune invited me to participate in a project concerning purchase of equipment for local authorities that is produced in our facilities. The mayor wants to cooperate with me under a mandatory agreement.

What should I do?

Answer: Any cooperation with a third-party entity must be approved in writing by the Headquarters of the PGZ S.A. Group. The mayor's proposition may result in a conflict of interests.

Question: I am not sure if a situation constitutes a conflict of interests or not. What should I do?

Answer: If you have any doubt, you should turn to your superior or to the Office for Ethics and Anticorruption Procedures.

II.5 COOPERATION

STANDARD:

WE ARE ONE TEAM. EACH OF US IS A LINK IN A CHAIN OF VALUES ADOPTED BY THE PGZ CAPITAL GROUP

We are a leading manufacturer of military equipment and service provider. Cooperation between companies within the Group is crucial for achieving success.

We set great store by team work, the ability to cooperate on projects as well as sharing knowledge and experience.

Thanks to knowledge transfer schemes and exchanging experiences between specialists and the young staff we create paths of professional development.

Having a continuous dynamic development of the company in mind, which should by a priority for all of us, persons approaching the retirement age, who after years of intensive work will be able to enjoy a well-deserved rest and execute their personal plans and dreams, should prepare their successors to take over their positions in order to preserve the acquired knowledge and skills and ensure that the persons taking up their place will be able to replace them in fulfilling their professional tasks in a due manner.

We care about clear, comprehensible communication, which should be based on honesty and unlimited exchange of information between employees.

Superiors inform their subordinates about all planned changes affecting their scope of duties.

Thanks to openness and adequate management methods, we systematically eliminate all forms of competition between companies from the PGZ Capital Group. We promote cooperation and resulting synergies.

Question: I work in a 5-person team. In order to achieve our objectives, we often have to cooperate. Unfortunately, I feel that my colleagues seek to please my boss and perform many tasks without informing other members of the team about it. The whole situation results in bad relationships between us. Our boss does not care about teamwork. What should I do?

Answer: Cooperation in a team is a key factor for proper operation of our company. Superiors are obligated to maintain good relations between employees and to improve efficiency of the team as a whole. If a superior is unable to handle distorted competition within a team, you should refer your case to the Office for Ethics and Anticorruption Procedures.

- cooperation is a key success factor for our company;
- we are committed to communication, we listen to one another, share knowledge and contribute to improve our products and services.



III. PGZ CAPITAL GROUP AS A BUSINESS OGANIZATION

III.1 GIFTS, BRIBES, CORRUPTION

STANDARD:

WE PURSUE THE RULE OF "ZERO TOLERANCE FOR CORRUPTION"

Accepting and offering gifts in business has been known and commonly practiced for ages. This way of building good relations with business partners is used in many cultures and countries we cooperate with. As the PGZ Capital Group, we respect local and international customs but our priority is to comply with our in-house practices. Criteria for cooperation with third partners include in particular: product and service quality as well as professional approach to business relations. For that reason, we do not accept any action that could in any way influence impartial business decisions.

Accepting and offering gifts to business partners is allowable up to the value specified in our anticorruption policy.

We try not to accept invitations to entertainment events and informal meetings to avoid situations in which our customers would be led to believe that we are not objective.

The PGZ Capital Group uses its best endeavors to comply with international anticorruption standards and provisions. We hold regular trainings regarding protection of the company against a risk of corruption and we care for a good image of our company on an international market.¹

Remember:

- we do not offer bribes to our private or public business partners;
- the PGZ CAPITAL GROUP allows for exchange of gifts whose value is precisely specified in the Policy for Accepting and Offering Gifts;
- in case of any doubt regarding local regulations applicable on a market where we intend to do business, we must check whether our actions comply with the business ethics standards of the PGZ Capital Group.

Question: I am going to hold business talks in a country where it is acceptable to offer bribes. Am I allowed to use that method to solicit a customer?

Answer: No. Business ethics practices of the PGZ S.A.
Capital Group do not allow for this sort of actions.
Furthermore, offering bribes may result in penal proceedings against you. PGZ S.A. pursues the rule of "Zero Tolerance for Corruption".

Question: I cooperate with an Asian company. Does the US Foreign Corrupt Practices Act (FCPA) applies only to bribes offered on the territory of USA?

Answer: No. according to FCPA, American authorities can investigate corruption threats outside the territory of USA.

Question: Our department intends to invite a foreign delegation. We are not sure what gifts we can offer them and what gifts we can accept.

Answer: All details pertaining to accepting/offering gifts are specified in our in-house anticorruption policy. Should you have any doubt, please contact your superior or the Office for Ethics and Anticorruption Procedures.

¹ International legislation (e.g. FCPA [US Foreign Corrupt Practices Act] and UKBA [UK Bribery Act]) regulate issues regarding bribery of public officials and interpret them as an economic crime. Breaching the said legal regulations or other regulations prohibiting unfair competition practices may result in instigation of penal and civil proceedings against PGZ S.A. and against employees involved in such actions.

III.2 CONFIDENTIAL INFORMATION AND USE THEREOF

STANDARD:

WE ARE OBLIGATED TO ENSURE SECURE FLOW OF INFORMATION REGARDING THE PGZ CAPITAL GROUP

In the PGZ Capital Group we are committed to ensure security of information that is connected with operational activity of the company and that we deal with when performing our daily duties, e.g. research and development projects, production plans, financial data, marketing strategies, new products, etc.

Information regarding operations of the company is handled with due diligence. We do not process data that may contain confidential information in public places, e.g. in an elevator, airplane, restaurant or train.

We protect third-party confidential information.

Remember:

- we are obligated to ensure security of confidential information within the company and outside the company, e.g. in a restaurant, elevator;
- we share confidential information only with persons who are authorized thereto;
- if you are not sure as to whom with you can share confidential information, you should immediately contact your superior or the PGZ S.A. Security Office.

Question: My friend has joined a competitive company. She asked me if we could talk about how our marketing department operates, as she now works in the marketing department of that competitive company.

Answer: You have to be very careful about discussing operational activity of our company, even if you talk with trusted people. If the information about the company is publicly available, you can freely talk about it. However, you should not discuss any confidential and unpublished matters with unauthorized persons.

Question: Me and my department colleague are going on a business trip. We will have some time to discuss the results of a test of our new product.

However, I fear that in the plane many people might hear the topic of our conversation.

Is that OK?

Answer: Conversations regarding confidential matters in public places might be exposed to actions taken by competitive intelligence. We do not recommend to talk about confidential matters in public places and we strongly advise to stay extremely cautious.

III.3 CORPORATE ETHICS

STANDARD:

WE ACT FAIRLY AND HONESTLY IN BUSINESS RELATIONS

As employees, we are responsible for a good name of the PGZ Capital Group. Our actions directly influence the image of our company perceived by our partners.

The Code of Ethics sets high business ethics standards and specifies how we should act to create and maintain a good image in business environment. Following the rules of the Code of Ethics is mandatory and necessary for the company to achieve a long-term success.

Ethicality of our company depends on our actions.

Since the environment of our sector is contingent upon geopolitical changes, it is vital to inform our employees on a day-to-day basis about legal and political changes in the countries with which we do business.

The PGZ CAPITAL GROUP uses its best endeavors to help our employees understand and adhere to business ethics standards.

Question: During a conference, one of the speakers used the name of our company in the context of his theses. Sadly, several conclusions were false and created a bad image of our company among other attendees.

What should I have done in

What should I have done in that situation?

Answer: Our actions build the value of our company, and in external relations we are obligated to care for its good name. In this case it would be recommended to officially and publicly admonish the speaker. If that was not possible, you should have contacted the Office for Ethics and Anticorruption Procedures to clarify the issue.

- a good image of our company depends on our actions;
- we always comply with the rules and standards of the Code of Ethics;
- if you do not know how to solve an ethical dilemma, you should contact the Office for Ethics and Anticorruption Procedures.

III.4 ANTICORRUPTION POLICY

STANDARD:

WE PURSUE THE RULE OF "ZERO TOLERANCE FOR CORRUPTION"

The policy of the PGZ Capital Group is based on the rule of *Zero tolerance for corruption*. We do not tolerate bribes or any other corruption practices in business.

We are against corruption in actions taken by our employees and by our third partners who are expected to follow business ethics standards of the PGZ Capital Group and the anticorruption policy.

We adhere to international standards of the armament sector and we practically apply the regulations of the international law, e.g. FCPA (US Foreign Corrupt Practices Act), UKBA (UK Bribery Act), OECD's Convention on Combating Bribery of Foreign Officials, UN's convention on arms trade.

We comply with anticorruption law applicable in countries where we do business.²

We hold regular anticorruption trainings for employees of all ranks. For us, understanding of a corruption threat is a strategic element to ensure company's security.

Question: Our department is preparing a commercial contract with an Asian partner. We are wondering if international anticorruption regulations, e.g. FCPA, also apply to our business operations?

Answer: Yes. According to FCPA, entities operating outside USA can be liable under FCPA.

Question: Yesterday media published information that one of our third partners is accused of corruption. My department cooperates directly with that company. What should I do?

Answer: You should immediately report that to your superior and to the Office for Ethics and Anticorruption Procedures. Further cooperation with a company accused of corruption will depend on the outcome of investigation.

- the PGZ Capital Group pursues the rule of "zero tolerance for corruption";
- we never offer bribes to our business partners;
- we cooperate with third entities which follow business ethics rules of the PGZ Capital Group

² We comply with international regulations and agreements, e.g. FCPA (Foreign Corrupt Practices Act), UKBA (United Kingdom Bribery Act)

III.5 COMPETITION LAW

STANDARD:

WE TREAT OUR COMPETITORS WITH RESPECT AND DIGNITY

The PGZ Capital Group adheres to antitrust regulations and good practices standards in all areas of operation. We prohibit tender manipulation, use of or participation in collusion on prices or in any attempt to informally divide the market.

We treat our competitors with respect and dignity.

We respect intellectual property rights and trade secrets of our partners and competitors.

We follow internal rules which lay down standards of communication with competitors regarding marketing, sales, price fixing, market selection etc.

Remember:

- we do business according to fair competition rules;
- we respect our competitors;
- we legally acquire information on our competitors;
- we comply with antitrust regulations;
- any breach of antitrust law by our employees or competitors should be reported to the Office for Ethics and Anticorruption Procedures.

Question: Our office is working on a tender draft. Unofficially, we've learnt about a competitive tender. One of our suppliers has proposed to fix common prices in order to eliminate other competitors.

Answer: Antitrust regulations prohibit unfair competition, i.e. also collusion on prices. We cannot accept any breach of competition law and good business practices.

Question: At a conference I met the commercial director of a competitive company. He has invited me several times to a meeting outside working hours. I feel uncomfortable about it and I don't know how to react.

Answer: According to our policy of cooperation with representatives of competitive entities, it is not recommended to attend any meeting with representatives of any competitive company outside working hours. You should openly inform that person about our policy and ask him to submit an official letter containing a proposition and stating the purpose of a meeting.

If you need any support to solve this issue, report it to the Office of Ethics and Anticorruption Procedures.

III.6 PERSONAL DATA SECURITY

STANDARD:

WE PROTECT PERSONAL DATA OF OUR EMPLOYEES AND BUSINESS PARTNERS

We keep personal data confidential.

Information about our employees, customers and suppliers are processed in compliance with legal regulations pertaining to personal data protection.

Information exchanged between PGZ companies must be transferred with due care, according to approved security rules and with the use of modern IT solutions.

Question: One can often see documents with company's employees' personal data lying on a desk in a secretary's office, e.g. sick leaves, personal tax returns.

I don't like it, but I don't feel confident enough to reprimand the secretary.

Answer: If you do not want to solve the problem on your own, you can report your concerns to the Office for Ethics and Anticorruption Procedures.

- processed personal data must be kept confidential; personal data must be processed according to applicable law and rules defined by the PGZ CAPITAL GROUP;
- we use personal data only for the purposes for which they were provided.

III.7 ENVIRONMENT

STANDARD:

WE FOLLOW ETHICAL CONDUCT RULES IN RELATIONS WITH OUR BUSINESS PARTNERS

RELATIONS WITH PUBLIC OFFICIALS IN POLAND AND ABROAD

Any offers to gain benefits addressed to a public official in connection with soliciting or maintaining business relations may be interpreted as an attempt to corrupt a public official, also if an offeror has no bad intentions. For that reason, transparent rules regarding relations with public officials must apply.

• POLITICAL PARTIES

People representing political or government interests are treated equally, i.e. as partners and stakeholders.

All relations with politicians and people representing government interests comply with applicable legal regulations and with the Code of Ethics of the PGZ Capital Group.

The PGZ Capital Group is not involved and does not subsidize any Polish or foreign political parties or party members.

Question: I am a new employee of the Group. For several weeks my colleagues have been talking a lot about forthcoming parliamentary elections. We are wondering if our company sponsors political parties.

Answer: Remember that according to the Code of Ethics we cannot engage in any activity taken by any Polish or foreign political party.

III.8 RELATIONS WITH BUSINESS PARTNERS, CUSTOMERS AND SUPPLIERS

We found our relations with business partners and suppliers on fairness, transparency, mutual respect and professional attitude.

We pursue the rule of "zero tolerance for corruption". We require the same of our representatives as well as entities and persons who act on behalf of the PGZ Companies. We do not take any actions to derive benefit for the company or for our employees if such actions are inconsistent with Polish, EU or international legal regulations.

To ensure transparency of our relations with partners and suppliers, we follow the approved anticorruption policy and practices laying down the rules of accepting and offering gifts, dinner invitations, participation in and organization of sponsored events.

High business ethics standards are required not only of our employees, but also of our business partners and suppliers. By giving them access to the Code of Ethics of the PGZ Capital Group, we promote ethical conduct in business and environment-friendly actions.

We apply due diligence to all areas in which we operate.

COOPERATION WITH CUSTOMERS

As far as services provided to customers are concerned, we respect the rights of each of the party, we act loyally and adhere to the professional ethics rules. Before we sign any document regarding cooperation, we check whether the conditions included therein do not entail any risk of failure to fulfill them and whether they do not collide with the law or standards followed by the PGZ Capital Group.

We do not agree to deviate from the standards to which we have committed in order to meet customer's or any other stakeholder's expectations.

We do not agree to any ambiguous behaviors or behaviors bordering on illegal practices that might be perceived as facilitation payments or benefits infringing the principle of fairness and impartiality and that might, in consequence, prove detrimental to a good name of the PGZ Capital Group.

In our actions we adhere to the information confidentiality policy and to respect for intellectual property and legal ownership. Maintaining professional secrecy is a right and obligation of each employee of the PGZ Capital Group.

If, in connection with performance of contracts, a customer entrusts us with its property, e.g. documentation or material, we apply supervision procedures over that property.

Question: Our business partners have been sending us surveys containing questions regarding implementation of good practices in our company. Are they entitled to do so?

Answer: Yes. In that way a company wants to protect itself against unethical practices of a third partner, i.e. wants to demonstrate that it has used its best endeavors (due diligence) to know its partner's approach to taking actions compliant with ethics and good practices.

COOPERATION WITH SUPPLIERS

Suppliers which deliver materials and components for our products play an important role in making our customers satisfied. For that reason, we want to treat them all fairly and equally.

When we chose suppliers, we pay particular attention to the price, quality and timeliness they offer and also to whether they follow commonly accepted ethical standards.

All acquired information about the suppliers is protected against misuse and disclosure without their consent.

We do not agree to actions that are inconsistent with the business ethics rules of the PGZ Capital Group.

Question: A colleague working on a production line of our new product informed our superior about bad quality of a material. Unfortunately, our superior paid no attention to that. What should we do?

Answer: Safety and quality of our products are our priorities.

You should rediscuss the issue with your superior or report it directly to the Office for Ethics and Anticorruption Procedures.

- we treat business partners and suppliers fairly and responsibly;
- we promote good practices of the PGZ Capital Group and incite our business partners and suppliers to follow them in business relations;
- we select our suppliers on the basis of the quality of services provided and their organizational culture;
- if we have any doubt concerning ethics or transparency of relations, we ask the Office for Ethics and Anticorruption Procedures to decide on further actions.

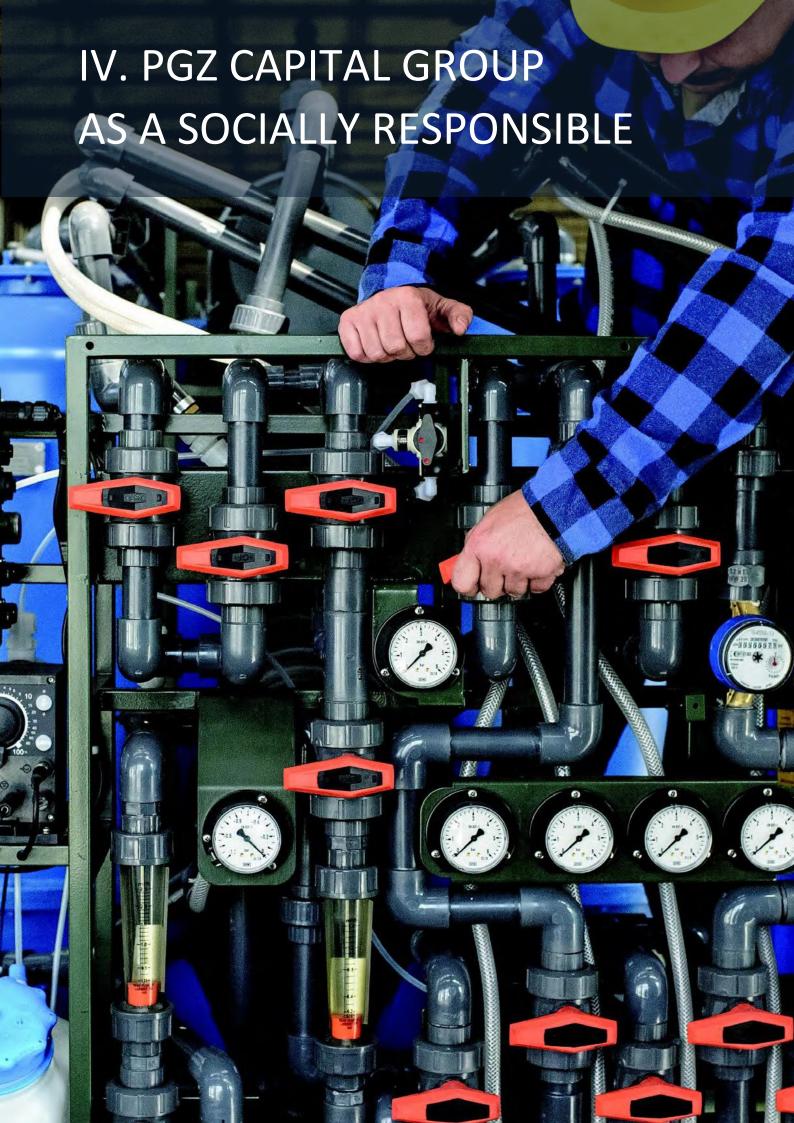
III.9 RELATIONS WITH SHAREHOLDERS

We conduct our activity to ensure constant growth of the value for shareholders. We act according to corporate governance standards, which guarantees transparent and stable relations with all most important groups of stakeholders.

Our shareholders are entitled to receive necessary and crucial information about the Companies according to applicable regulations.

When communicating with third parties, we do not provide any information that is protected under applicable regulations, e.g. business secret, trade secret, personal data, classified information.

- we act according to the Corporate Governance Rules;
- we are obligated to work diligently to increase the value of the PGZ companies;
- we must adhere to the information security policy.



IV. PGZ CAPITAL GROUP AS A SOCIALLY RESPONSIBLE ORGANIZATION

STANDARD:

WE CO-CREATE LOCAL COMMUNITIES – WE TAKE SOCIALLY RESPONSIBLE ACTIONS

IV.1 COMMITMENT TO SUSTAINABLE DEVELOPMENT

By fulfilling its mission, the PGZ Capital Group integrates current and planned business and social activity with activity for protection and renewal of natural environment to preserve it for current and future generations.

We have a complex approach towards product quality. As far as each aspect of product life is concerned, we pay much attention to environment-friendly actions that preserve stability of basic natural processes.

All our actions are responsible. We do our best to ensure that production, service, warehouse, distribution and disposal processes are neutral to the environment to the fullest extent possible.

We minimize negative impact of our production lines on the environment.

We use our best endeavors to rationally and economically use company's resources, e.g. water, energy, paper. We pursue recycling rules. In our everyday work, we want to raise awareness within that scope and to encourage our employees to contribute to environmental protection and to economic results of the PGZ Group.

We care for natural environment and follow all standards to preserve harmony between industry and natural environment.

The PGZ Capital Group tends not only to increase the value of its companies but also to follow and improve international quality and environment management standards.

Our actions are responsible and sustainable. We respect the needs of our customers, society and environment. Many of our initiatives within that scope are voluntary and go beyond regulatory requirements and standards.

Remember:

- we are all responsible for natural environment;
- caring about consumption of company's resources means caring about natural environment.

Question: The colleague I work with in the same room prints unnecessarily. Should I make any remark about that?

Answer: Yes. In our company we care about natural environment. Paper consumption monitoring is an important element of our environmental policy. We must use our best endeavors to efficiently consume the resources of our company.

IV.2 CHARITABLE AND SOCIAL INITIATIVES

We are committed to establish permanent relations with local communities that would be based on honesty, dialogue, partnership and trust. We want to develop our companies and to create new jobs. We are involved in different projects; we rebuild sports halls, subsidize cultural activities and support volunteering.

We actively promote and support involvement of our employees in global and local charitable initiatives.

We participate in actions supporting families in need of assistance; we purchase most needed home appliances, clothes and food. We finance school starter kits for children and subsidize summer or winter holiday trips.

We are involved in actions supporting the community connected with the ministry of defense; we support reservists and their families.

Our sponsoring policy is based on transparent rules. Our actions support many sports and cultural events which reflect the character of our companies.

Question: In my town there is a military equipment hobby club. The club members asked me if our company could support their actions.

To whom should I address this question?

Answer: Issues pertaining to supporting local initiatives are reviewed locally. The question should be addressed to your immediate superior or to a person responsible for PR, Marketing or HR.

You can also turn to the Office for Ethics and Anticorruption Procedures directly to obtain information on the right contact person.

- the CSR (Corporate Social Responsibility) strategy is built in the course of a dialogue with third partners;
- we are not only involved in business activity but also in protection and renewal of natural environment and in preservation thereof for future generations;
- we actively participate in charitable and social initiatives organized by local communities and our companies.

IV.3 COOPERATION WITH EDUCATIONAL INSTITUTIONS

In order to ensure development of human resources of the PGZ Capital Group, we build permanent relations with vocational and higher education institutions.

Established cooperation allows both parties to use other party's latest technical concepts and experience in carrying out R&D programs. By organizing internship and placement programs for students, we increase the prestige of Polish education facilities and contribute to reduction of unemployment.

We fund grants to vocational students who pursue education in the field connected with our activity.

Acting as production and service companies and employers, we actively contribute to improvement of educational opportunities offered by universities and vocational schools by setting changing trends and defining new educational areas.

We participate in engineering and university Job Fairs.

Question: A vocational school in my town wants to cooperate with our company. Can I give them the telephone number to a person responsible for cooperation with educational institutions?

Answer: Yes, of course.
Cooperation with
educational institutions and
vocational schools is very
important for our company.
Each employee should
promote our company
values and report any
proposition of cooperation
directly to his/her superior,
to a person responsible for
cooperation with schools, or
to the Office of Ethics and
Anticorruption Procedures.



V. PGZ CAPITAL GROUP – COMPLIANCE WITH LAW AND ETHICAL RULES

STANDARD:

VALUES WE HAVE COMMITTED TO REFLECT WHO WE ARE. WE SHOULD ALL ENSURE THEY ARE RESPECTED.

As employees of the companies forming the PGZ Capital Group, we are obligated to unconditionally comply with applicable legal regulations and standards accepted by the Capital Group, including the Code of Ethics.

In our professional life we constantly assess and manage potential and identified risks connected with our activity and pertaining to ethics and compliance with legal regulations.

Our efficiency, as workers, is measured not only on the basis of the results achieved but also on the basis of how those results have been achieved.

We are focused on target performance. We value teamwork and respect individual initiatives which we are glad to support.

We perform professional duties with respect, due diligence and honesty. We help each other, we support each other, and we care for good relations within the Group. We use our best endeavors to extend the scope of professional competences.

In case of ambiguous situations that may entail a risk of breaching legal regulations and accepted standards, we consult the Office for Ethics and Anticorruption Procedures about our actions.

Within the scope of our managerial duties we are obligated to diligently select, instruct and supervise the employees for whom we are responsible.

We are responsible for maintaining and promoting a positive image of the PGZ companies, both when performing our duties and outside our workplace. We do not accept dissemination of false information, unjustified criticism and violation of the values included in the Code of Ethics, which may tarnish a good name of PGZ.

Remember:

- each of us builds the value of the company by taking the right actions;
- we must be sure that our actions comply with applicable law, regulations and ethical standards;
- no action within and outside working hours may have an adverse impact on our duties and on the image of the PGZ Capital Group;
- any infringement of rules that may prove detrimental to the activity of the PGZ Capital Group should be reported to the Office for Ethics and Anticorruption Procedures.

Question: I have been working in the company for 3 years. Several days ago I was informed about another training regarding the rules of the Code of Ethics. Is it necessary to organize trainings for people like me?

Answer: Yes. The company policy defines how often trainings regarding the rules of the Code of Ethics should be organized.

Question: Who is eligible to report a case concerning violation of the Code of Ethics in the company?

Answer: All employees of the company, irrespective of their positions, may directly contact the Office for ethics and Anticorruption Procedures.

Question: I intend to contact the Office for Ethics and Anticorruption Procedures, but I'm concerned about the fact that my superior might know about it.

Answer: You need not worry about security, working comfort, or confidentiality of information you provide as it is protected under regulations on maintaining PGZ S.A. secrecy, personal data and classified information.

V.1 OFFICE FOR ETHICS AND ANTICORRUPTION PROCEDURES

The objective of the Office for Ethics and Anticorruption Procedures is to ensure that the Code of Ethics of the PGZ Capital Group is strictly followed in all companies.

Main tasks of the Office for Ethics and Anticorruption Procedures include assistance in interpretation of the provisions of the Code of Ethics and deciding whether incidents reported adhere to ethical conduct standards.

The Office for Ethics and Anticorruption Procedures is also a contact unit that deals with cases regarding application of the Code of Ethics and decides whether actions taken by shareholders, employees, partners, suppliers and communities in Poland and abroad comply with the Code of Ethics.

Cases related to infringement of the Code of Ethics are settled by the Ethics Commission in cooperation with coordinators in charge of ethics and anticorruption procedures representing the Companies.

Remember:

- the Office for Ethics and Anticorruption Procedures supports us in any issue pertaining to ethics and provisions of the Code of Ethics;
- in case of any doubt, an employee can at any time ask the Office for Ethics and Anticorruption Procedures to intervene or to give advice;
- if you want the Office for Ethics and Anticorruption Procedures to help you or to give you advice, you do not have to worry about security, working comfort and confidentiality of information you provide as it is protected under regulations on maintaining Company's secrecy, personal data and classified information.

Question: I am not sure about the meaning of some provisions of the Code of Ethics. Whom can I turn to for consultation?

Answer: You should contact the Office for Ethics and Anticorruption Procedures which helps our employees and partners understand the rules and values we are committed to. Furthermore, the Office for ethics and Anticorruption Procedures holds regular trainings regarding the rules included in the Code of Ethics for all employees, irrespective of their rank.

V.2 ETHICS HOTLINE and REPORTING OF INCIDENTS REGARDING BUSINESS ETHICS

- 1) ETHICS HOTLINE liniaetyki@pgzsa.pl
- 2) Forwarding address:

Polska Grupa Zbrojeniowa S.A.

Biuro ds. Etyki i Procedur Antykorupcyjnych Grupy Kapitałowej PGZ

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