



Code of Business Conduct

## **Corporate Mission**

Through “Friction and Vibration, their Control and Analysis”, we are determined to protect, grow and support every individual life.

## **Akebono’s Declaration for the 21<sup>st</sup> Century**

Akebono’s Declaration for the 21<sup>st</sup> Century was prepared as a guideline to clarify the Akebono Group’s orientation and direction in the 21<sup>st</sup> Century.

Akebono will continue to create value throughout the 21<sup>st</sup> Century in pursuit of its Corporate Mission.

### **We hereby affirm that we will:**

- 1. Recognize the true value of what we create and provide**
- 2. Ensure our indispensability by continuously creating new value**
- 3. Accomplish our tasks with speed and conviction, without fear of failure**
- 4. Achieve our aspirations through the pride of each and every individual**

## **A message from Akebono's President and CEO**

Like our parent and affiliate companies, Akebono Brake Corporation was founded on the principle of conducting business in a responsible, honest and ethical manner. We remain committed to this principle today.

We make this commitment to our shareholders, customers, suppliers and each other not only out of legal obligation, but because it's the right thing to do. Our success depends on a reputation for integrity and quality in everything we do.

We all make an important contribution to Akebono's reputation. As we look to the future, each of us is responsible for helping ensure that we continue to meet the standards that have made Akebono a world-wide leader in automotive brakes and wheel-end components.

***Brandon Kessinger***

President and Chief Executive Officer

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## **About the Code of Business Conduct**

### **Purpose**

This Code of Business Conduct is designed to promote a responsible and ethical work environment for all Akebono associates. This Code contains guidelines on proper behavior in and outside the workplace and whom you should contact if you have questions or concerns.

### **Your Responsibilities**

In performing your job duties, you are responsible for knowing and abiding by all applicable laws and all of Akebono's policies and procedures, including those set forth in this Code and in other Akebono publications, such as your Associate Handbook and sight policies. Violating these policies may result in corrective action, up to and including termination of your employment, recovery of damages and filing of criminal charges.

*It is your responsibility to raise questions, and promptly report potential or actual illegal or unethical conduct to an appropriate Akebono representative.*

### **Questions to Ask Yourself:**

- Is this the right thing to do?
- Is this legal?
- Am I authorized to do this?
- Is this permitted under Akebono's Code of Business Conduct?
- Would I want this reported in the media?
- Can I take pride in telling my family about this matter?

If the answer to any of the above questions is NO, you should report the situation to Akebono's Ethics Hotline or discuss it with your supervisor, Human Resources or the Legal department. Failure to report violations of this Code may lead to disciplinary action being taken, up to and including termination.

The Akebono Ethics Hotline may be accessed by calling (877) 874-8416, or at <http://akebono.alertline.com>.

Managers are responsible for reviewing the Code with their associates and preventing, detecting and responding to compliance problems by leading with integrity, encouraging associates to raise questions and concerns, conducting periodic compliance reviews with associates and taking prompt and effective action when appropriate.

## **Reporting Code Violations**

Akebono maintains an Ethics Hotline for use in reporting suspected violations of the Code. Reports to this hotline may be made anonymously.

You can also report misconduct through the mail, interoffice mail, e-mail or an in-person meeting with your supervisor, Human Resources or the Legal department. Confidentiality for those who report violations will be maintained to the extent practicable within the legitimate needs of law and any ensuing evaluation or investigation.

## **Protections from Retaliation**

Any associate who in good faith reports an actual or suspected violation of this Code or participates in a related investigation shall not be discharged, demoted, suspended, threatened, harassed or in any manner discriminated against in the terms and conditions of their employment. An associate's right to protection from retaliation does not, however, extend immunity for complicity in the matters that are the subject of the complaint or investigation.

## **Obtaining Additional Information**

If you have any questions about the Code or any other Akebono policy or procedure, talk to your supervisor, Human Resources or the Legal department.

## **Scope and Waivers**

This Code applies to all Akebono associates, including salaried, exempt, nonexempt, hourly, regular and part-time associates, as well as members of Akebono's Board of Directors. The provisions of this Code may only be waived by the Chief Executive Officer and, in the case of executive officers and directors, by the Board of Directors.

## **Disclaimer/Employment-at-Will**

This Code is not intended, nor may it be considered, to constitute terms of an employment contract between Akebono and its associates. Nothing contained herein is to be interpreted to limit or remove the right of either the associate or Akebono to terminate the employment relationship at any time, with or without cause.

## **Conflicts of Interest**

### **General**

All business decisions should be made solely in the best interests of Akebono and not for personal benefit. Associates are required to disclose and avoid any activity or interest that may be regarded as a possible conflict with the interests of Akebono. Akebono demands absolute integrity from its associates and will not tolerate any conduct that falls short of this standard.

### **Gifts, Gratuities and Vendor Relations**

Akebono discourages givers of gifts from seeking or receiving special favors from its associates. Gifts of more than a nominal value or entertainment that is more than a routine social amenity can appear to be an attempt to influence the recipient into favoring a particular customer, vendor, consultant or the like.

Gifts such as merchandise or products, as well as personal services or favors, generally may not be accepted unless they have a value of less than \$100. This dollar limit is intended as a guideline; associates are required to consult with a member of management before accepting any gifts of more than nominal value. Gifts of any amount may never be solicited. A gift of cash or securities may never be accepted.

Associates must provide written disclosure to Human Resources for all third party gifts or entertainment (not including meals) received in any one year period if they total more than \$100 from a single source or \$250 overall.

Giving gifts to or furnishing entertainment for any third party must support the legitimate business interests of Akebono and should be reasonable and appropriate under the circumstances. Associates are generally prohibited from offering or giving tangible gifts having a market value of \$100 or more to any person or entity with which Akebono conducts or seeks to conduct business, unless specifically approved by Human Resources.

It is permissible to provide meals, refreshments, entertainment and other business courtesies of reasonable value to persons in support of business activities, provided: (1) such activities are in compliance with Akebono's Travel, Entertainment and Business Expenses Policy; (2) the practice does not violate any law or regulation or the standards of conduct of the recipient's organization; and (3) such activities are consistent with marketplace practices, infrequent in nature and not extravagant.

### **Common Questions Concerning Receipt of Gifts**

**Question:** One of my vendors offered me a free trip to a golf event it is sponsoring. Can I accept the trip as long as it does not affect my purchasing decisions?

**Answer:** No. Accepting a free trip from a vendor is in violation of Akebono policy.

**Question:** One of my vendors offered to send me to a conference at no cost to Akebono. Can I accept the invitation?

**Answer:** No. Accepting a free trip from a vendor is a violation of Akebono policy. Speak to your manager if you are interested in attending the conference. Most costs associated with your attendance must be paid for (or may be reimbursable) by your department.

**Question:** A vendor sent me a gold pen as a gift. Can I keep it?

**Answer:** It depends on the value of the pen. If the pen is valued at greater than \$100, then you may not keep the pen, as it would violate Akebono policy. If the pen has a value of less than \$100 you may keep the pen, but be sure to disclose this to your manager. If you are unsure of the pen's value, return it. In any event, you should advise the vendor about Akebono's policies regarding conflicts of interest.

**Question:** A furniture vendor offered to build a cabinet for free at my home. Is this okay?

**Answer:** No. Akebono's policy on vendor gifts applies at home as well as in the workplace.

## **Doing Business with Spouses or Relatives**

Associates are prohibited from managing or supervising an associate where a familial relationship exists. A "familial relationship" means family members and close personal relationships, and includes the associate's spouse, significant other, child, step-child, parent, sibling, in-law or any relation not more remote than first cousin. All familial relationships, including those developed following the commencement of your employment with Akebono, must be reported to your direct supervisor or Human Resources, so reassignment can occur. Failure to comply with these requirements may lead to disciplinary action being taken against all associates involved, including demotion and termination.

## **Fraternization**

Akebono does not seek to insert itself in the personal relationships of its associates; however, when a significant personal relationship exists between two associates, complications may arise that create problems in the workplace. To minimize any personal issues in the workplace, all associates are expected to conduct themselves in a professional, appropriate and mature manner at all times.

Additionally, associates with management or supervisory responsibilities should be aware that having a relationship with a subordinate associate is not acceptable and may result in immediate termination from Akebono. Therefore, Akebono prohibits associates from living with, dating, or becoming otherwise romantically involved in a personal relationship with another person over whom the associate has supervisory, hiring, or disciplinary authority.

## **Outside Employment**

No associate should engage in other employment, "free-lance" or "moonlight" if such activity will encroach the time or attention that should be devoted to the

associate's duties, adversely affect the quality of work performed, compete with Akebono's interests, imply sponsorship or support by Akebono or adversely affect the Akebono name. Associates who obtain other employment may not use Akebono's time, resources, facilities or supplies for such employment.

Associates employed in a part-time capacity by Akebono may seek other employment provided such other employment is not an industry related to Akebono's. Exceptions to this policy require the prior written approval of Human Resources.

### **Outside Service as a Director or Officer**

Associates must obtain approval from Human Resources before serving on the board of directors or as an officer of another for-profit company. No associate may serve on the board of directors or as an officer of a competitor or potential competitor of Akebono. Associates are encouraged to serve non-profit organizations in their individual capacity and on their own time, but they must obtain prior permission from Human Resources to do so as a representative of the Company.

## **Legal Compliance**

### **Equal Employment Opportunity**

Akebono is an Equal Opportunity Employer and makes all employment decisions without regard to race, color, religion, gender, national origin, citizenship, age, disability, or any other basis prohibited by applicable state or federal law. All aspects of all employment relationships are extended fairly, openly, and without discrimination.

### **Harassment-free Workplace**

Akebono is committed to maintaining a work environment that is free from discrimination of any kind. Harassment, either intentional or unintentional, is unacceptable in the work environment. Accordingly, Akebono does not authorize and will not tolerate any form of harassment of or by any associate.

### **Bribes, Fraud, Kickbacks and Improper Payments**

Associates should never directly or indirectly offer, promise to pay, or authorize the payment of, money, products, services or anything of value to any government official or agent in any country to influence acts or decisions of government officials, to receive special treatment for Akebono or for personal gain. While certain minor payments to certain non-U.S. government officials made to expedite or secure the performance of certain routine governmental actions may not violate the law, you must consult with the Legal department prior to making or authorizing any such payment. All Akebono associates must abide by the United States Foreign Corruption Practices Act in addition to local

laws. Any associates working with a government official should contact the Legal department for guidance.

Any associate found to be receiving, accepting or condoning a bribe, kickback or any other unlawful payment, or attempting to initiate such activities, will have their employment with Akebono terminated and may be subject to possible criminal prosecution. Any associate found to be engaging in fraud or attempting to engage in fraud will have their employment with Akebono terminated and may be subject to criminal proceedings. All associates have a responsibility to report any actual or attempted bribery, kickback, fraud or any other questionable behavior to their supervisor or to the Akebono Ethics Hotline.

### **Antitrust Laws**

All associates are expected to comply with antitrust laws. No associate should enter into any understanding, agreement, plan or scheme, whether expressed or implied, formal or informal, oral or written, with any competitor (directly or indirectly, via a vendor or supplier) with respect to prices, terms and conditions of sale, production, distribution, territories or customers. Consultation with competitors regarding prices or terms and conditions of sale is likewise prohibited. Engaging in, conspiring to, or agreeing to do any of the following actions is strictly prohibited:

- Price fixing or bid rigging.
- Group boycotting of competitors, suppliers or customers.
- Tying arrangements, which occur when a seller refuses to sell one product unless the buyer purchases another product.
- Agreements to split customers or territories.

Any associates that confront business dealings involving any of the foregoing should immediately remove themselves from such dealings and consult the Legal department.

### **Fair Dealing**

Associates should always deal fairly with customers, suppliers, vendors and competitors, and should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, falsification, misrepresentation of material facts or any other unfair practice.

### **Human Trafficking and Forced or Coerced Labor**

Respect for human life is paramount to Akebono and the company is committed to ensuring that child, forced, or coerced labor is not used at any level of its supply chain. All applicable laws pertaining to working conditions and other terms of employment are to be followed at all times. You should immediately

report any suspected violation of this policy, whether by an associate or any member of Akebono's supply chain, through the appropriate channels as identified above.

## **Confidentiality**

Associates may have access to information that people outside of Akebono never see. Information relating to Akebono's business or strategy is strictly confidential. You must not give confidential information to anyone, internally or outside the company, unless specifically authorized to do so.

Confidential information includes information that is not generally known to the public and is used by Akebono in its business. Some examples include personal employee information (for example, health information and salary or performance history), certain product information or designs and financial information.

Confidential information should be used only to the extent necessary to do your job and never for your own benefit. Associates are responsible for the safekeeping of any confidential information and for limiting access to those who have a need to know in order to do their jobs. You should avoid discussing confidential information in public and in common areas in our buildings.

If you leave Akebono, all confidential information and materials must be returned on or before your last day of employment. However, the obligation to preserve confidential information continues even after employment ends. You may not divulge or use confidential information that you may have learned about or received during your employment.

Associates are also responsible for maintaining the confidentiality of other companies' confidential information when received in the course of performing your job duties.

## **Company Property**

Safeguarding Akebono property on and off company grounds is the responsibility of all associates. This includes financial assets, equipment, products, inventory, supplies and information technology. Akebono property should be used only for legal business purposes or purposes authorized by management.

## **Intellectual Property**

Associates must also maintain the confidentiality of Akebono's intellectual property, which includes trademarks, patents, logos, images, graphics and other copyrightable material.

All inventions, ideas, concepts, written material and trade secrets (information we know about Akebono and its business) produced during employment are property of Akebono.

### **Proper Accounting Practices**

Accurate records are essential to the successful operation of Akebono. Associates are responsible for ensuring the accuracy of all Akebono records, information and accounts. For example, claims on an expense report or time record, payments and other transactions must be correctly recorded and accounted for, and properly authorized in accordance with Akebono policies.

All business records should be clear, truthful and accurate. Business records are Akebono assets and must be retained or destroyed in compliance with applicable law and any company records retention policies. In the event of litigation or any type of government investigation, relevant records must be retained and preserved as directed by the Legal department.

### **Recording Company Information**

All Akebono books, records, accounts, funds and assets must be maintained to reflect fairly and accurately the underlying transactions and disposition of Akebono business in reasonable detail. Falsifying or destroying Akebono books or records, other than in accordance with applicable law and any company records retention policies, is a violation of this Code. Examples of Akebono books and records include financial records, records regarding the approval of business transactions, applications, resources, medical reports or claims, production records and logs, time and attendance records and logs, expense accounts, purchasing documents, shipping and receiving records and any other books or records that contain Akebono information.

### **Internal Reporting and Controls**

Akebono has established internal accounting and operating controls to ensure that its accounting records and operational procedures are complete, accurate and maintained in reasonable detail. Associates are expected to maintain and adhere to these controls and policies so that all underlying transactions, both within Akebono and with third parties, are properly documented, recorded and reported. No accounting entries will be recorded that intentionally conceal, disguise or misrepresent the true nature of any transaction.

In this respect, the following guidelines must be followed:

- No undisclosed or unrecorded funds or assets should be established for any purpose.
- No false or fictitious invoices should be paid or created.

- No false or artificial entries should be made or misleading reports issued.

Assets, liabilities and contingent liabilities of Akebono shall be recognized and reported on Akebono's financial statements, all in accordance with Akebono's standard practices and generally accepted accounting principles.

If an associate believes that Akebono's books and records are not being maintained in accordance with these requirements, the associate should report the matter to the Akebono Ethics Hotline.

### **No Improper Influence on Audits**

Associates are expected to cooperate fully with our internal and external auditors and must not directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any public accountant engaged in the performance of an audit or review of Akebono's financial statements.

### **Political Activities**

Akebono respects and supports everyone's right to participate in political activities. Contributing time, money or resources to any political activity is entirely personal and voluntary.

However, no political contribution, at any level of government, shall be made in Akebono's name, whether directly or indirectly, by reimbursement or otherwise, without the express prior approval of Human Resources. Advice should be sought and obtained from the Legal department before any such approval is given.

Contributions covered by this policy include all direct and indirect contributions on the Company's behalf to any political candidate, political party, political action committee or other organization that might use the contributions in connection with federal, state, local, or foreign elections. The policy also applies to lobbying activities and contributions in support of or opposition to any ballot proposition to be decided by voters.

### **Changes to the Code**

Akebono reserves the right to amend, alter or terminate this Code at any time and for any reason.

# **Akebono Brake Corporation**