Global Corporate Ethics and Legal Compliance Handbook
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A MESSAGE FROM THE CEO

Zoltek is a member of Toray Group. As such, we have based our Global Corporate Ethics and Legal Compliance Handbook on Toray Group’s Philosophy. The Philosophy is “contributing to society through the creation of new value with innovative ideas, technologies and products.” Because of this ideology, Zoltek has created a culture of contributing positively to society through our business. The Corporate Guiding Principles contains the clause of “Ethics and Fairness” which states that The Toray Group will “obtain the trust of society and meeting its expectations by acting fairly while maintaining high ethical standards and a strong sense of responsibility and maintaining transparency in management”.

Under the management philosophy and long-term corporate vision, Zoltek is committed to building positive relationships with all of its stakeholders (customers, employees, shareholders and society) as it carries out its business activities. These activities are a collection of actions taken by executive officers and individual employees. To realize this management philosophy and long-term corporate vision, everyone at Zoltek must not only comply with laws, but abide by social norms and company rules according to a highly esteemed set of corporate ethics so that we can take the right actions as a good corporate citizen and member of society.

Japan’s revised Companies Act took effect on May 1, 2015. It sheds further light on the importance of an internal control system but also includes subsidiaries. In conjunction with this, Toray has decided to amend their internal control system and positioned the Corporate Ethics and Legal Compliance Code of Conduct (8 Principles) as a set of behavior standards by which all executive officers and individual employees of Toray Group must follow. Zoltek is adopting these same 8 Principles, which you will see highlighted and explained in this handbook.

Corporate Ethics and Legal Compliance is top priority for Zoltek along with safety, accident prevention and environmental preservation. It is important to be thorough in emphasizing the actual place of work in Corporate Ethics and Legal Compliance activities based on an understanding of the current status at the actual place of work, having a strong intention to be faithful to the basics, aiming for what should be and doing what should be done. Dealing with Corporate Ethics and Legal Compliance will lead to being trusted by all stakeholders as a good partner.

This Global Corporate Ethics and Legal Compliance Handbook contains information that company executive officers and individual employees should be mindful of on a daily basis. I ask that everyone always have this Handbook on hand to reflect on your own behavior, to utilize during training sessions at each workplace, and to understand self-led initiatives based on mutual trust aimed at establishing and fostering a self-cleansing workplace culture where we never engage in or allow improprieties to happen.

January 2017
Yoshihiro Takeuchi
The Corporate Ethics and Legal Compliance Handbook contains pertinent information for all companies, executive officers and employees of Zoltek. All executive officers and employees of Zoltek must share the spirit outlined in the Corporate Ethics and Legal Compliance Handbook and exercise responsible behaviors in their day-to-day work.

The Management Philosophy and Corporate Ethics and Legal Compliance Code of Conduct (8 Principles) is a set of specific behavior guidelines which apply to all executive officers and employees of Zoltek.

The Corporate Ethics and Legal Compliance Guidelines, which are a more detailed version of the Corporate Ethics and Legal Compliance Code of Conduct (8 Principles) and the Corporate Ethics and Legal Compliance Support System apply to the executive officers and employees of Zoltek and its affiliated companies in the United States, Mexico, and Hungary.
STANDARDS ON ZOLTEK’S CORPORATE ACTIVITIES

MANAGEMENT PHILOSOPHY (CORPORATE PHILOSOPHY, CORPORATE MISSIONS, CORPORATE GUIDING PRINCIPLES)

Zoltek has established the following management philosophy as a basic charter that it should implement as a company. The company, its directors, and its employees should observe this management philosophy in connection with Zoltek’s pursuit of its corporate activities.

CORPORATE PHILOSOPHY
Contributing to society through the creation of new value by innovative ideas, technologies, and products.

CORPORATE MISSIONS
For our Customers: To provide new value to our customers through high-quality products and superior services
For our Employees: To provide our employees with opportunities for self-development in a challenging environment
For Society: To establish ties and develop mutual trust as a responsible corporate citizen

CORPORATE GUIDING PRINCIPLES
Safety and Environment:
Placing top priority on safety, accident prevention, and environmental preservation, ensuring the safety and health of our employees, our customers, and local communities, and actively promoting environmental preservation.

Ethics and Fairness:
Obtaining the trust of society and meeting expectations by acting fairly while maintaining high ethical standards and a strong sense of responsibility and maintaining transparency in management.

Customer Focus:
Providing customers with new values and solutions, and achieving sustainable growth together.

Innovation:
Achieving continuous innovation in all corporate activities, and aiming for dynamic evolution and growth.

Fieldwork and Initiative:
Strengthening fieldwork abilities and initiatives, the foundations of our corporate activities, through consistently learning from one another and constant self-driven efforts.

Global Competitiveness:
Pursuing competitiveness through global top quality standards and cost management, and achieving growth and expansion in the global marketplace.

Global Coalition:
Developing global coalition through integrated internal linkages and strategic alliances with external parties.

Emphasis on Human Resources:
Providing an environment where employees find value in their work, and building positive, energetic relationships between people and the organization.

CORPORATE ETHICS AND LEGAL COMPLIANCE CODE OF CONDUCT

One of the guiding principles set out in Zoltek’s management philosophy is “Fairness and Sincerity”, under which we express our determination to behave fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society. This section sets our Corporate Ethics and Legal Compliance Code of Conduct in the form of 8 principles intended to serve as practical guidelines.

Each and every member of Zoltek will observe these 8 principles and strive to do his or her best each day.
CONTRIBUTING TO SOCIETY
As a company aiming for new value creation, we will provide products and services that satisfy and win the trust of our customers.

COMMUNICATING WITH SOCIETY
We will promote communication with customers, local communities, and other persons and organizations, and will disclose appropriate information in a fair and active manner.

ACTING AS A GOOD CORPORATE CITIZEN
As a good corporate citizen, we will observe the law, respect human rights, and pursue social contribution activities.

PLAYING AN ACTIVE ROLE GLOBALLY IN ENVIRONMENTAL PRESERVATION
We regard playing an active role globally in environmental preservation as a key management issue, and will strive to work for peaceful coexistence with the global environment in every area of our corporate activities, through the promotion of energy saving, waste reduction, and recycling.

PUTTING FAIRNESS AND TRUST FIRST IN OUR CORPORATE ACTIVITIES
We will conduct our business transactions in an appropriate manner under the principles of free, fair and transparent market competition, and strive to ensure that our corporate activities win the trust of society.

OBSERVING NATIONAL LAWS
We will implement management reforms from a global perspective, ensure that our overseas branches observe local laws and regulations, and exert self-discipline based on a strong sense of ethics. We will also strive to ensure that our corporate activities in each country respect local culture and customs and contribute to the development of local communities.

CREATING A MOTIVATING CORPORATE CLIMATE THAT ALLOWS EMPLOYEES TO EXERCISE THEIR ABILITIES
We will strive to establish a corporate climate that motivates employees, allowing them to exercise their abilities, and will strive to maximize the creativity and special skills of each employee while respecting their human rights, character and individuality.

CUTTING OFF RELATIONS WITH ANTI-SOCIAL FORCES
We will strive at all times to act in the best interests of society, and will cut off all relations with anti-social forces that threaten the order and safety of civil society, and ensure that the company presents a firm and unified front against such forces.

The concept of “corporate ethics and legal compliance” means observing not only the requirements of laws and regulations, but also social norms, internal regulations and all other necessary requirements. It constitutes a basis for the survival of the company, and should be given the same priority as safety, accident prevention and environmental preservation.

These standards (the 8 principles) should be observed by all of our locations, in every sphere of corporate activity, but are not necessarily exhaustive.

In any matter not specified here, it is important to go back to the management philosophy and base our decisions and actions on its principles.
Zoltek is a Toray Group affiliate. In observation of Japan’s revised Companies Act which took effect on May 1, 2015, we have through Toray’s example positioned the Corporate Ethics and Legal Compliance Code of Conduct (8 Principles) as a set of behavior standards by which all executive officers and employees of Zoltek must follow.

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SUPPLY AND SAFETY OF OUTSTANDING PRODUCTS AND SERVICES

Zoltek will strive continually to enhance the production technology capacity and product development capacity, product quality, and quality of service that are the foundation of its existence as a company, and work to create new value.

To be truly outstanding, our products and services themselves must, naturally, be safe, and present no risk to human life, health or property. Zoltek will do everything in its power to satisfy these conditions.

Accurately Determining Customer Needs
Every employee should monitor market trends at all times, and stand ready to respond with sensitivity to customer needs.

All employees will take positive action to accurately and speedily identify market trends/customer needs.

Compliance with Safety Legislation, etc.
On no account must a faulty product result in damage to human life, health, or property. Ensuring the safety of products is essential not only for complying with laws and regulations on safety. Product safety must also be ensured according to the spirit under which laws and regulations were created. Therefore, where every stage of the process is strictly governed by legislation or official guidelines, as in the case of pharmaceutical products or medical devices, it is essential that we abide by those rules, and that we comply with any relevant internal and external rules and procedures relating to products in other areas. Also, it is essential that we take account of safety at every stage of the product process, from research and development through to design, manufacturing, distribution, use and disposal, in accordance with the spirit of responsible care.

Furthermore, when obtaining official certification, such certification must be obtained legitimately and maintained according to the rules.

Establishment of, and Compliance with Voluntary Standards on Safety, and Implementation of Product Safety Screenings
In areas where no laws or official guidelines are provided, each division of the company must seek to establish its voluntary standards on product safety and comply with any rules established. In particular, product safety screenings must be carried out at the prescribed timing, such as market launch of new products, etc., to verify the safety of the product.

( Zoltek Quality Assurance Procedure, ISO Standards )

Creating Easily Comprehensible User Manuals and Supplying Appropriate Displays of Information
Accidents due to incorrect use of a equipment can be a frequent occurrence. User manuals on process and equipment containing clear, easily comprehensible information on warnings and other need-to-know information must be provided to users so that they can use equipment correctly. Displaying appropriate warnings on any part of the product that may present a danger helps to prevent accidents, so there is a need to use labels that appropriately inform users about dangers. When displaying information on a product’s functions or efficacy, objective data must be provided that can be relied upon.

[Occupational Health and Safety Administration (OSHA), Utah Occupational Safety and Health (UOSH)]

Damage Limitation
In the unfortunate event that a product is discovered to have a fault, speedy action should be taken to limit the damage.

The information should be communicated to users without delay, and where necessary, measures such as a product recall should be implemented.

It is the company’s responsibility to limit damage arising in this way, and we should recognize that it is extremely important that we fulfill this responsibility.

(Product Safety and Accident Response Standards)
**Problem Recurrence Prevention**
 Failure to identify the cause of a defect in a product and to eliminate that cause will lead to a repetition of the same mistake. Careful storage and use of records of the cause of accidents and problems will help to prevent similar accidents and problems in the future.

We should establish systems to ensure that such information is stored in an appropriate manner and is quickly accessible, and should take concrete action to improve production conditions, etc. so as to prevent a repetition of the problem.

**BUILDING SOUND AND GOOD RELATIONSHIPS WITH BUSINESS PARTNERS AND AFFILIATES**
 Zoltek prohibits giving or deriving unfair profit through business transactions conducted in the United States or internationally. The directors and employees of the company should ensure that their decisions and actions are appropriate to avoid being misunderstood or judged to have acted dishonorably by the general public.

**Relationships with Sales Agents**
 Unfair trade practices must not be used in the company’s relationships with its sales agents.

Entertainment of and giving of gifts to sales agents must be kept within social norms. The granting of advantages such as rebates (discounts, etc.), commission, etc. must be kept within the formal approval rules set by each division.


**Relationships with Suppliers**
 The selection of suppliers must be based not only on fair and rational criteria, such as price, quality and delivery time, but the CSR initiatives of each supplier must be closely examined as well.

Entertainment by and receipt of gifts from suppliers must be within social norms and must, at all times be reported to a superior.

Gifts that exceed social norms must be declined or returned.


**Relationships with Affiliates and Business Partners**
 In transactions with affiliates and business partners, transaction conditions are to be compared with conditions that would allow for fair and transparent competition with third parties, and care must be taken to avoid any unreasonable difference from such conditions.

Entertainment and exchange of gifts must also be kept within social norms.


**Relationships with Government Agencies, Local Governments and Other Public Bodies**
 When dealing with officials of government agencies, local governments, etc., improper benefits, etc. must not be offered to officials in relation to the performance of their duties, with a view to securing unjust business gains or in return for the granting of business advantage.

Pecuniary and other benefits must not be offered to public service officials of other countries with a view to securing unjust business gains in relation to international commercial transactions.

MAINTENANCE AND PROMOTION OF FAIR AND FREE COMPETITION

[Zoltek companies, Inc. Code of Business Conduct ZHR-002]

Compliance with the Antimonopoly Act
The Antimonopoly Act is intended to protect the consumer interest and assure the sound growth and development of the national economy by maintaining and promoting fair and free competition.

In particular, the formation of cartels (including bid rigging) whereby business competitors fix price or sales volume among themselves, not only damages company reputations but is subject to administrative sanctions such as the imposition of surcharges, to criminal penalties and civil compensation as a result of legal action brought by local residents under the Local Government Law, etc. and may even be subject to legal action brought by shareholders’ representatives under the Commercial Code. A company which infringes the Antimonopoly Act will suffer immeasurable losses.

(Antimonopoly Act).

Compliance with Anti-Bribery Regulations
Bribery of public officials in Japan or internationally is prohibited under the laws of each individual country.

Bribes must never be provided to public officials (including the executive officers and employees of state-owned enterprises) in the course of one’s duties in order to gain unjust benefits. Business entertainment or gift-giving (including presents) for public officials shall be within socially accepted norms so as to avoid suspicion of bribery and must comply with company rules. There are also countries in which bribery between private-sector companies is also covered under the law (China and others). As such, the rule of not providing or accepting bribes must be followed with sufficient understanding of the laws of each country.

(National Public Service Ethics Act “National Public Service Ethics Code,” United States’ Foreign Corrupt Practices Act [FCPA], United Kingdom’s Anti-Bribery Act, China’s Criminal Law [Anti-Corruption])

Compliance with the Subcontractor Act
When commissioning the manufacture, processing or repair of a product to a vendor, the Subcontractor Act prohibits the use of a dominant bargaining position to require the business partner to enter into an unfair transaction. Employees should therefore ensure that they have a clear understanding of the content of the Subcontractor Act and comply with its rules in the pursuit of their work.

Compliance with the Act Against Unjustifiable Premiums and Misleading Representations
Any representation that causes customers to misunderstand the quality, standards or other details of a product as being far superior to those of the actual product or, even though it isn’t actually so, as being far superior to those of products supplied by other companies, and is likely to impede fair competition, is prohibited.

Any premiums or prize offerings attached to a product or service must be kept within normal trade practices and must not exceed the limits specified by the Act.

(Act Against Unjustifiable Premiums and Misleading Representations)

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are rights relating to creative works, etc. resulting from the intellectual activity of human beings. They include industrial property rights such as patent rights, utility model rights, design rights, and trademark rights, which are clearly recognized as rights by law, works such as copyrighted works of art and computer software, etc., and other copyrights, and company secrets such as know-how, technology, sales data and other information which companies hold confidential.

Intellectual property rights are the fruit of the labors of many employees and of large sums that the company has spent on research and development. In today’s economy and society, intellectual property rights are a source of value and the movement to protect them is growing worldwide.
Ensuring the Protection of Intellectual Property Rights
Employees of Zoltek must do everything in their power to acquire and protect intellectual property rights for the company.

Intellectual property rights are not openly visible so they are inherently difficult to notice. Therefore, employees should not only never infringe upon the intellectual property rights of other companies intentionally, but also give due consideration to the violation of such rights inadvertently through a lack of investigation or other reasons.

Thorough Control of Zoltek's Company Secrets
The leaking of company secrets could undermine Zoltek’s profits or trust in the company, etc., and in serious cases could threaten the very existence of the company.

Company secrets include information that can be transmitted in writing, on electronic media, in the form of actual goods, or by word of mouth.

The most important considerations in controlling company secrets are to clearly identify which information is to be held secret, to identify the level of confidentiality in a manner that would be clear even to a third party and, manage the information accordingly. Additionally, in cases where the slightest doubt exists, it is important that an employee first check with their supervisor instead of making a decision on their own.

Retired directors and employees of Zoltek must maintain confidentiality with regard to any company secrets of which they acquired knowledge while working for the company and must not use such secrets for other purposes.

“QAP-021 Control of Quality Records”

Thorough Control of Other Companies' Secrets
Zoltek will respect other companies’ secrets to the same degree as its own.

In the pursuit of its business, the company may use the services of research agencies, but any information that it is felt may have been obtained by improper means, in view of social norms, should not be accepted. Attention must be given to ensure that company secrets disclosed legally to Zoltek by another company are not inadvertently disclosed to a third party or made public.

(Unfair Competition Prevention Law)

RELATIONSHIPS BETWEEN ZOLTEK GROUP AND EMPLOYEES

RESPECT FOR THE CHARACTER AND INDIVIDUALITY OF EMPLOYEES, EVALUATIONS AND DEVELOPMENT
[Zoltek Global Employee Handbook, EEOC (Equal Employment Opportunity Commission)]

Zoltek aims to operate personnel systems that allow employees to gain a sense of fulfillment and achievement, while respecting the character and individuality of each employee and implementing measures for employees to achieve work-life balance.

The company will conduct fair and objective personnel evaluations based on the individual’s contribution to the company (ability, duties, results achieved, etc.), and will strive to foster highly individual personnel, richly endowed with specialist skills and creativity.

RESPECT FOR PRIVACY [ZOLTEK GLOBAL EMPLOYEE HANDBOOK]
Zoltek will respect the privacy of individual employees, and will exert care and caution in the handling of personal information, and strive to manage such information in an appropriate manner.

RESPECT FOR HUMAN RIGHTS AND PROHIBITION OF ALL FORMS OF DISCRIMINATION
[HIPAA (Health Insurance and Portability Accountability Act) FCRA (Fair Credit Reporting Act)]

Zoltek aims to create a happy and healthy workplace environment in which employees are not subject to spiteful treatment or discrimination on grounds of race, creed, color, gender*, religion, nationality, language, physical characteristics, economic status, place of origin, etc.

* Gender includes self-acknowledged gender and sexual orientation
**Zoltek’s Human Rights Initiative**

In 2016, human rights became a greater focus at Zoltek. Screenings to ensure companies, suppliers, and customers are not in violation of human rights are being completed. In addition, Zoltek’s upper management is in development of pursuing a range of activities to instill and enhance awareness of human rights within Zoltek.

**Prevention of Sexual Harassment**

Zoltek does not tolerate sexual harassment.

Employees should be aware that a wide variety of behavior that disrupts the workplace environment, ranging, needless to say, from unfair conduct such as a superior, co-worker or customer making unwelcome sexual advances in return for which they offer to influence the individual’s treatment in personnel terms, to causing distress to the individual by behavior and remarks* of a sexual nature, is classified as sexual harassment.

When an incident arises, Zoltek will investigate without delay, and take resolute measures to help the victim and prevent recurrence.

* Sexual remarks between the same gender are also sexual harassment and at the same time are discriminatory remarks concerning a sexual minority such as lesbians, gays, bisexuals, or transgender individuals (LGBT) which is considered sexual harassment.

Zoltek follows Equal Employment Opportunity Commission (EEOC) guidelines.

**Prevention of Power Harassment**

Zoltek does not tolerate power harassment.

Power harassment could lead to a serious infringement of human rights and today power harassment has become a serious social issue. If power harassment continues unchecked, it can lead to serious consequences, including damaging the workplace environment and in some cases it may cause the onset of a mental disease or make it difficult for the employee to go to work.

When an incident of power harassment arises, Zoltek will investigate without delay, and take resolute measures to help the victim and prevent recurrence.

**Prevention of Maternity Harassment**

The company will not tolerate maternity harassment by words or attitude or inappropriate treatment due to pregnancy, birth, etc.

When such a problem arises, we will immediately investigate and take firm actions for the relief of the victim and to prevent re-occurrence.

Equal Employment Opportunity Commission (EEOC)

**COMPLIANCE WITH LABOR-RELATED LEGISLATION AND THE ESTABLISHMENT OF WORKING CONDITIONS**

[Relevant Parts of the Code of Conduct: (7)]

Zoltek will comply with labor-related legislation as required by the EEOC, in view of the increasing diversity of values held by employees and changes in the conditions surrounding the company, will strive to establish working conditions geared to future needs.

Equal Employment Opportunity Commission (EEOC)

**ENSURING HEALTH AND SAFETY, ENVIRONMENTAL PROTECTION, DISASTER PREVENTION AND MANAGEMENT OF CHEMICAL SUBSTANCES**

**Creating a Safe and Healthy Workplace**

Human health and safety are irreplaceable. At Zoltek, we believe that managers have a duty to provide safe equipment, working conditions and working procedures, and protect the health and safety of their staff, and that workers have a duty to protect themselves and their co-workers, by observing workplace rules so as to work in a safe and healthy
manner. To this end, it is vital that all should comply with ordinances relating to the Industrial Safety and Health Law, and related company regulations such as the “Industrial Safety and Health Management Regulations”. However, it is also important that all at Zoltek continue to take an active part in safety initiatives such as incident/accident reports, the safety proposal system, and risk assessments, with the aim of reducing workplace accidents to zero.

Assuring mental health is also a vital consideration, and it is important that managers and workers should maintain close communication with a view to cultivating a happy and healthy workplace climate.

(Industrial Safety and Health Law and other related laws, and other company regulations; Occupational Health and Safety Administration (OSHA), Utah Occupational Safety and Health (UOSH)

**Environmental Protection, Disaster Prevention and Management of Chemical Substances**

Environmental accidents, fires, and explosions must be prevented at all costs because of the significant impact they will have not only on employees, but the surrounding community as well. Complying with environmental, disaster prevention and chemical substance legislation so as to protect the comfortable local environment is the duty of all companies. Zoltek, which manufactures and handles chemicals, must begin with initiatives with a more global perspective, including compliance with the EU’s new REACH legislation (when applicable) for managing chemical substances.

However, it will not be enough simply to comply with this related legislation, and company regulations such as the “Environmental Management Regulations;” it is incumbent on the company to take a proactive approach. In addition, Zoltek must engage in voluntary efforts, including understanding its manufacturing process principles and rules, complying with operating manuals, and properly managing failure prediction check lists, etc. It is vital that every employee should check his or her own role once again, and take positive action towards achieving the company’s objectives.

(Various legislation on Environmental Management Regulations have enacted in USA; Environmental Protection Agency (EPA), Missouri Department of Natural Resources (MDNR), Texas Department of Environmental Quality (TDEQ), Utah Department of Environmental Quality (Utah DEQ)

**COMPLIANCE WITH ZOLTEK GLOBAL EMPLOYEE HANDBOOK**

Employees must at all times observe the Employee Handbook.

In addition to behavior that is specifically prohibited under the Employment Regulations, employees must not engage in any improper or dishonest behavior that contravenes the Employment Regulations.

**APPROPRIATE ACCOUNTING PRACTICES**

When making entries in ledgers or completing slips, entries must be made accurately, in line with the relevant legislation and company regulations.

The making of illegitimate or fictional entries and the creation of hidden assets is prohibited

(Code of Business Conduct ZHR 002)

**APPROPRIATE USE OF COMPANY ASSETS**

[Code of Business Conduct ZHR 002]

It is natural, in pursuing company business, that we treat the company’s assets with care and approach our work with sincerity. Company assets must not be used for private purposes, and employees must not use their position to derive personal benefit. When entertaining or receiving gifts, and when being entertained or receiving gifts, self-restraint must be exercised at all times to avoid excess.

Additionally, all company assets must be returned promptly when retiring from the company.

**APPROPRIATE USE OF INFORMATION SYSTEMS**

[Zoltek Global Employee Handbook pg. 24-25]

The company’s information systems must be used only for business purposes by employees authorized for business purposes, and must not be used for private purposes.
User ID codes and passwords relating to company information systems, and information obtained from company
information systems, must be managed rigorously and steps taken to prevent the disclosure of such information outside
the company or to persons other than the related parties.

(Zoltek Global Employee Handbook)

**BEHAVIOR LEADING TO CONFLICT OF INTERESTS**
[Relevant Parts Zoltek Global Employee Handbook pg. 25]

It is important that employees avoid situations in which their own interests and those of Zoltek come into conflict. For this
reason, when dealing with customers, suppliers, contractors, or competitors with whom Zoltek currently has business, or
may do so in the future, Zoltek employees must put personal benefit aside and, act in the best interests of the company.

If a conflict of interests arises, the employee concerned must report it to his or her department without delay.

(Code of Business Conduct ZHR 002 and Zoltek Global Employee Handbook )

**APPROPRIATE USE OF SOCIAL MEDIA**
[Relevant Parts of Zoltek Global Employee Handbook pg. 44 and 45]

Employees must be mindful that transmitting information online can be accessed by an unspecified number of users and
for this reason employees must strive to be prudent when it comes to the transmission of information and always do so
with a good sense and integrity. Also, employees must understand and act accordingly knowing that the inappropriate
transmission of information can affect their family, friends and even the company.

Specifically, confidential information on the company or business partners learned through the course of job duties must
not be disclosed or divulged to others. In addition, the same applies to the disclosure or divulgation of the personal
information of company employees and business partners. Employees must carefully scrutinize their transmission of
information online to ensure that they do not disclose or divulge such information.

**ZOLTEK’S RELATIONSHIP WITH SOCIETY**

**OBSERVING THE LAW AS A MEMBER OF SOCIETY**
Zoltek will pursue its corporate activities within the bounds of the law, social standards, and social convention.

Under no circumstances will Zoltek take the position that it is not possible to work efficiently if one observes the law or
follows the rules, or that protecting our profit or our organization comes before observing the law or following the rules.

Every employee should be fully aware that any major infringement of a law may threaten the continued existence of the
company and that they must not, under any circumstances, engage in such behavior.

For example, employees should understand that, as of late, companies are strongly required to comply with the following
types of legislation.

**Compliance with the Foreign Exchange and Foreign Trade Control Law**
Employees involved in export and import business must observe related legislation and follow appropriate export and
import customs procedures.

They should also cultivate sensitivity to the international situation.

The export and import of prohibited goods is prohibited.

(Foreign Exchange and Foreign Trade Control Law, US Department of Commerce and US Department of Treasury
Regulations and Sanctions)
**Ensuring Security Export Control**

Security export control covers the export of all products, equipment, materials, and samples as well as the provision of technologies to a foreign country. Carbon fiber and other regulated items that require Department of Commerce (BIS) approval for export are to be controlled rigorously.

In all export transactions and technology provisions, it is essential to ascertain the identity of the other party and the content of their business, and to verify that the goods or technology to be exported will not be used in the development, manufacture, etc. of weapons of mass destruction or other military applications.

Legal violations or suspicion of legal violations or transaction information of concern must be reported immediately according to the prescribed procedures.

(Foreign Exchange and Foreign Trade Control Law, Security Export Control Regulations, and Security Export Control SOPs, US Department of Commerce and US Department of Treasury Regulations and Sanctions, etc.)

**Compliance with the US Securities and Exchange Commission**

Executive officers and employees must not engage in insider dealing (the sale or purchase of shares before the announcement of important news regarding the company that is liable to affect investment decisions on the part of investors, by those privy to the information), regardless of whether intentional or not, as this can cause a loss of the company’s creditability and damage corporate value. Individuals engaging in such actions will be subject to criminal punishment.

Important company information that could affect the investment decisions of investors must be rigorously managed and the Insider Information Management and Insider Trading Regulations must be complied with to prevent incidents of insider trading from happening.

(US Securities and Exchange Commission)

**Compliance with the Regulation of Money for Political Activities**

Zoltek will observe applicable regulations of money for political activities and will ensure that its political activities as a company are honorable and fair.

US Department of the Treasury (OFACC)

**Protecting Personal Information**

Zoltek has created internal rules for the management of personal information that lays out specific matters for the company’s management team, executive officers, and employees to follow for the handling of personal information (personal information used for sales and marketing activities, such as a customer registry, etc. and personal information handled for personnel or shareholder management purposes, etc.) for business purposes.

Employees who handle personal information as part of their jobs must fully understand that they must carefully and appropriately handle such information in accordance with the personal information protection policy with the same degree of attention as confidential documents.

(HIPAA Health Insurance and Portability Accountability Act, Zoltek Global Employee Handbook)

**PRINCIPLES FOR DISCLOSURE**

Zoltek aims to be an open company that is aware of its social responsibilities and, besides complying with legal requirements on disclosure, will strive to increase the transparency of its management through fair, timely and appropriate disclosure, excluding any information that is considered by social convention to be a company secret and matters that are held in confidence under the terms of a contract.

Zoltek’s social responsibility with regard to disclosure is a responsibility that must be discharged in a manner that is impartial towards the interests of those around the company, including customers, business partners, employees, shareholders, investors, and local communities, and will be approached according to the following principles:
PRESERVING THE GLOBAL ENVIRONMENT
Zoltek receives many blessings from this Earth, including the resources and energy it needs to pursue its corporate activities. The company is aware that it has a duty to protect and improve the global environment and positions environmental protection as a key management priority.

In addition to complying with environmental legislation, Zoltek will do everything in its power to minimize the burden that its corporate activities, and the products and services it supplies, place on the global environment.

Zoltek strives for energy savings, waste reduction, and recycling at each branch/office.

(Environmental ordinances relating “Environmental Control Regulations” and other company regulations; Environmental Protection Agency (EPA), Missouri Department of Natural Resources (MDNR), Texas Department of Environmental Quality (TDEQ), Utah Department of Environmental Quality (Utah DEQ ))

CUTTING OFF RELATIONS WITH ANTI-SOCIAL FORCES
Zoltek refuses to entertain relations with individuals or organizations that threaten social order or may hinder the pursuit of sound corporate activities.

When criminal organizations use complaints about products to approach the company, or make threats with a view to extorting money, this is known as criminal acts disguised as civil actions. When confronted with such actions, Zoltek will follow the principle of “Don’t fear, don’t hand over money or goods, don’t use”, and will contact the police authorities at the earliest opportunity, and will seek legal support.
PURPOSE OF THE CORPORATE ETHICS AND LEGAL COMPLIANCE SUPPORT SYSTEM
To realize the vision laid out in the “Ethics and Fairness” clause of Zoltek’s Corporate Guiding Principles, each and every employee must comply with the Corporate Ethics and Legal Compliance Code of Conduct, while keeping an eye on not only their own actions, but also the legal compliance of those around them, such as work colleagues. When inappropriate behavior is witnessed, an employee must take action and demand that such behavior be stopped. The Corporate Ethics and Legal Compliance Support System, commonly known as a Whistle Blower policy, is a mechanism that enables employees working at Zoltek to respond appropriately to legal violations or fraudulent behavior that is or that could be taking place at Zoltek by reporting it through email.

The purpose of the support system is to prevent scandals before they happen, prevent the spread of risk, and detect problems at an early stage.

PROTECTION OF SUPPORT SYSTEM USERS
Confidentiality Will Be Protected
The name of users and the details of the matters they report will be kept strictly confidential and only disclosed to departments or individuals necessary for investigating and resolving the situation.

Users Will Not Be Subject To Disadvantageous Treatment
Users will never be subject to disadvantageous treatment for reporting a matter to the support system.

OVERVIEW OF THE CORPORATE ETHICS AND LEGAL COMPLIANCE SUPPORT SYSTEM
Matters for Reporting
The email support system accepts reports of various legal violations, violations of employment regulations and other company rules, incidents of sexual or power harassment or other infringements of human rights and any acts that deviate from social norms. In addition to situations where the problem has actually occurred, situations where the problem is suspected of occurring or may occur can also be reported.

Eligible Users
Everyone working at Zoltek may use the email support system, including all employees, such as permanent employees, contract employees and part-time workers, as well as temporary workers, forwarded workers from other companies and the employees of outsourcing partners. Please note the report may be submitted via email in the user’s native language.

Contact Points Open Door Policy
First, please consult with your supervisor. If you find it difficult to speak with your supervisor, when applicable, contact the plant manager, if not applicable or further resolution is needed contact Human Resources.

Internal Consultation - Zoltek
In addition to your supervisor, there are internal contact points set up to report incidents that take place at Zoltek.
• Supervisor
• Human Resources
• Company-Wide Legal Compliance Committee

CONSULTATIONS ABOUT SEXUAL OR POWER HARASSMENT AND OTHER HUMAN RIGHTS ISSUES
Supervisor
Human Resources
Company-Wide Legal Compliance Committee
E-mail: compliance.support@zoltek.com
CONSULTATIONS ABOUT LEGAL VIOLATIONS, VIOLATIONS OF COMPANY RULES, OR DEVIATIONS FROM SOCIAL NORMS, ETC.

Supervisor

Human Resources

Company-Wide Legal Compliance Committee (Legal and Compliance Dept.)

E-mail: compliance.support@zoltek.com

Response by Zoltek After a Report is Received

Based on the nature of the report, a separate report will be made to the department in charge of the investigation and an official request issued for the department’s assistance.

- The Company-Wide Legal Compliance Committee will review the submitted concern/violation and then forward this information to the relevant location, which will then be responsible for the solution and providing feedback to the concerned individual.

When an investigation is deemed necessary, the concerned individual and relevant departments (persons) involved in the incident will be interviewed to check the facts. The results of the investigation will be reported to the Company-wide Legal Compliance Committee. In addition, when the problem must be remedied, the relevant departments (persons) involved will be instructed on how to remedy the situation.

- If the reported incident falls under the disciplinary rules of the employment regulations, the relevant parties will be disciplined. Additionally, the relevant parties may be required to pay damages in cases where the incident caused economic damages to the company.

The concerned individual who filed the notice will receive feedback as necessary that the investigation has been conducted (or that no investigation is required), the progress of the investigation, and the results.

(Note) Confirmation of the facts from and feedback to the concerned individual will be handled by an appropriate department based on the incident after obtaining that individual’s approval.

RESPONSE FLOW AT ZOLTEK UNDER THE CORPORATE ETHICS AND LEGAL COMPLIANCE SUPPORT SYSTEM

Person or department related to the case.

Department (person) in charge of the investigation

Corporate Ethics Committee

Company-Wide Legal Compliance Committee

Contact points <Supervisor and Zoltek’s internal consultation through Human Resources>

Person reporting (consulting about) an incident occurring at Zoltek

Discovery, suspicion, fear of legal violation, violations of company rules, infringement of human rights, or any acts that deviate from social norms

Guidance in investigation and correction

Report / request for assistance

Reporting and consulting, confirmation of truth and feedback

GENERAL NOTES REGARDING REPORTS

Reports Must Be Made Using One’s Real Name

To ensure that the facts of the incident are verified and appropriate resolution of the problem takes place when reporting an incident, and to provide the results of the investigation to the original filer in the form of feedback, reports must be made with one’s name, department, and contact information.

(Note 1) Feedback cannot be provided for reports made anonymously.
**Reporting Methods**
Reports can be made by e-mail in the native language of the concerned individual.

**Matters To Organize Prior To Reporting**
Please organize the following matters so that the contact point can correctly understand the incident and respond appropriately.
- Details of incident: Who, when, where, what, how, and why it happened
- Evidence: If present, provide details
- Desired outcome: Simply want it to stop or want recurrence prevention measures to be taken, etc.

(Note) Reports of slander without proof or reports made by the original filer that knowingly and clearly conflict with actual facts may be excluded from further investigation. Additionally, as outlined in the employment regulations, reports intended to gain unjust benefits or to wrongfully cause others harm will be subject to punitive dismissal.

**GENERAL NOTES FOR APPROPRIATE RESOLUTION**
The contact point receiving the report will respond to the original filer in good faith, the Company-Wide Legal Compliance Committee maintains a neutral and fair stance. They will not side with the original filer or serve as his/her proxy. They work with the department (person) in charge of the investigation to resolve the incident as appropriate.
SYSTEM TO PROMOTE CORPORATE ETHICS AND LEGAL COMPLIANCE

At Zoltek top management will display clear leadership in corporate ethics and legal compliance, which are an essential part of corporate management, and under this leadership, labor and management will work together to promote the following system.

Ethics Committee
A Corporate Ethics Committee, established in 2017, is chaired by the president as a company-wide committee. Zoltek will strive to cultivate an even higher ethical standard. In order to fulfill the company’s social responsibility, Zoltek will review important items concerning corporate ethics and employee behavior standards, and will strive to ensure the entire company will promote this.

Company-Wide Legal Compliance Committee
A Company-Wide Legal Compliance Committee was established in 2017 as a subordinate organization of the Corporate Ethics Committee and it will report on the thoughts of top management and policies decided upon by the Ethics Committee, and will collect various types of information on corporate ethics and legal compliance at the actual place of work. The goal will be to bear a central role working on concrete activities for corporate ethics and legal compliance in Zoltek, and primarily the managers of function, who are members of the Committee, will work with directors on common initiatives for the entire company. This committee will include the CEO, General Manager of Corporate Strategy, and VP of HR, EHS and Compliance. Eventually Zoltek will add the managers of each function.

FUNCTIONS OF THE COMPANY-WIDE LEGAL COMPLIANCE COMMITTEE MEMBERS

Facilitating Direct Communication
- The committee members aim to build an open organization that allows the managers who, on a daily basis, must deal directly with a wide range of issues that arise at the actual place of work, to communicate their opinions directly to top management.
- Where the self-correcting function fails, committee members fulfill a checking function.
- In some cases, committee members may report the problem directly to the Company-Wide Legal Compliance Committee or its secretariat (the HR and/or the Legal & Compliance Department)

HANDLING OF INFRINGEMENTS OF CORPORATE ETHICS AND CODE OF CONDUCT

Zoltek’s Global Employee Handbook has set out provisions on disciplinary punishment, and if the results of any infringement of the standards fall under any item in the Employment Regulations, the infringement will be subject to disciplinary punishment (including punitive dismissal).

Infringements due to malicious intent or gross negligence will naturally be strictly punished according to the Global Employee Handbook, and if the company incurs any economic loss, compensation may be demanded.
INQUIRIES REGARDING MAJOR LAWS, COMPANY REGULATIONS, AND MANUALS LISTED IN THE CORPORATE ETHICS AND LEGAL COMPLIANCE GUIDELINES
For further details, please contact the following departments.

**Top Management Decisive Powers:** Human Resources

**Corporate Ethics and Legal Compliance Support System:** Human Resources & Compliance Dept.

**Confidential Information Management Regulations:** Human Resources

**Trade Secrets Management Regulation:** Security Trade Control/Compliance Dept.

**Countermeasures to Criminal Acts Against the Company:** Executive Management

**Internal Rules for the Management of Personal Information:** Human Resources

**Guidelines on the Use of Social Media:** Human Resources/IT Dept.

**Product Safety Management Regulations:** Quality Assurance Department & EHS Dept.

**Quality Assurance and Management Regulations:** Quality Assurance Dept.

**Anti-Bribery Regulations:** Security Trade Control/Compliance Dept.

**Anti-Monopoly Act Compliance Program:** Security Trade Control/Compliance Dept.

**Insider Information Management and Insider Trading Regulations:** Executive Management

**Industrial Property Rights:** Intellectual Property Department

**Labor Standards Law:** Human Resources

**Equal Opportunity and Treatment of Employees:** Human Resources

**Employment Regulations:** Human Resources

**Sexual Harassment, Power Harassment and Maternity Harassment:** Human Resources

**Internal Controls on Financial Reporting:** Internal Audit.

**Accounting Regulations:** Controller’s Dept.

**Security Export Control:** Security Trade Control/Compliance Dept.

**Electronic Data Security Regulations:** IT Dept.

**Safety and Hygiene:** Environmental Health & Safety Dept.

**Environmental Disasters:** Environmental Health & Safety Dept.

**Global Environmental Protection:** Environmental Health & Safety Dept.

**REACH Regulations:** REACH Zrt

**Purchasing Regulations:** Security Trade Control/Compliance Dept.
Zoltek’s ability to increase profitability on the business side of its operations and gain the trust and acceptance of society will largely determine whether the company will be able to achieve sustainable growth into the future. Therefore, Zoltek will establish a structure to ensure the company complies with laws and regulations, and provide employees with education and training on legal compliance so that legal compliance is encouraged by all at the company.
ACKNOWLEDGMENT OF RECEIPT

I have received a copy of the Zoltek Corporate Ethics and Legal Compliance Handbook ("handbook"). I understand that I am responsible for promptly familiarizing myself with the information contained in this handbook and that it summarizes the company’s compliance practices. I understand that it is my responsibility to comply with these policies contained in the handbook.

I understand and agree that the information and policies described in the Corporate Ethics and Legal Compliance Handbook provides general guidance and are subject to change with or without prior notice, at Zoltek’s sole discretion.

If I have questions regarding the handbook or its content, I understand that I should bring them to the attention of my Direct Supervisor or Security Trade Control/Compliance.

I also understand it is my responsibility to visit the Zoltek Internet site, www.zoltek.com/hr/ethics, to view the latest updates to the handbook. The handbook on the Internet site will overrule the printed handbook.

Date: __________________________

Staff Member’s Signature: ______________________________________

Printed Name: ________________________________________________