



CODE OF BUSINESS ETHICS



PRACTICE HAS CONFIRMED

In the contemporary world, business ethics is becoming the most important prerequisite for success, while harmonised team work enables progress and fast development. All these are the features characterising "Metalac" from Gornji Milanovac – verified by the Expert Panel of "Business Partner" on its 10th jubilee manifestation.

For all the aforementioned reasons, Metalac was declared the first among 40 successful local companies presented with this award in 2004. Good business results, high and stable professional standards, ethics in business operations, unique business culture, social and environmental accountability and responsibility towards our consumers recommended us. And, as it was said at the award presentation ceremony, it is the aim of "Business Partner" to promote successful companies and managers guided by these values.



Honesty, respect and trust are the three pillars on which Metalac has been developing its business and corporate culture for years. We deeply believe that these are the values which ensure exemplary behaviour of every Metalac employee, personal and corporate integrity and status of a quality long-term partner. Business results and continuity of growth and development of Metalac are a natural consequence of such behaviour. We are especially proud that our end consumers and users of products and services offered by Metalac have recognized these values as a competitive advantage of Metalac.

Taking into consideration the need for harmonisation of behaviour among business entities not only from a legal perspective, but also guided by basic ethical principles and standards, as well as the importance of strengthening business ethics in the function of promoting relationship with business partners, the public and social setting, Metalac expresses its values, principles and rules in this Code of business ethics.

The Business ethics code of Metalac Holding is an internal act and is the supreme document for our top management, mandatory for all Metalac employees and very important for mutual understanding and developing quality long-term relations with business partners, clients and general public.

*Dragoljub Vukadinović
Company President*

OUR GUIDING PRINCIPLES AND RULES



Metalac is, by definition, steel, strength and stamina, durability and reliability. Metalac is a strong-armed top performer it is Serbia, Europe and the Universe. I have trust in it because it is strong and true. It has tradition, lasting quality. I have trust in it as it always evolves, is not corrupted and can be trusted. It has become a company of the world, but is still ours – said consumers when asked why they trusted Metalac in 2001.

All employees of Metalac Holding operate on values and principles integrated in professional standards and professional rules with ethical norms. In the last 20 years, despite the erosion of a range of values in a broader environment, Metalac unreservedly insisted on the principle that in work, as well as in life, only a fair relationship and accountable behaviour may result in mutual trust and respect within the company and in relation to partners and end users.

This is why we are happy and proud to enter in our Code of ethics all the principles we have insisted on, whether they relate to unwritten but immanent behaviour of Metalac employees, or a part of stipulated standards, policies, rules and behaviour.

What Metalac implies is:

- › Working discipline and personal responsibility for the quality of the work done
- › Undisputed company property
- › Observance of all quality and environmental protection standards
- › Observance of work-related procedures
- › Observance of laws and regulations, decisions and orders issued by superiors
- › Observance of provisions from business agreements
- › Observance of business etiquette
- › Democracy in decision-making, dictatorship in implementation
- › Treating employees with respect and in line with principles and protection of human rights

What Metalac expects from employees is:

- › Commitment to work
- › Orientation towards customers and permanent growth
- › Orientation towards goals
- › Impartial and correct relation within the company and with business partners
- › Openness in communication
- › Permanent promotion of knowledge and skills
- › Orientation towards team work

What Metalac especially values is:

- › Loyalty to the Company
- › Permanent improvement and creativity
- › Innovativeness
- › Business decisiveness and enterprising spirit
- › Personal and business integrity of the employee



BY OBSERVING RULES, WE PROTECT OURSELVES AND OTHERS

Starting from the aforementioned values, principles and rules, Metalac Code of ethics is a document of exceptional value for Metalac employees, clients and users of our products and services, suppliers, shareholders, stakeholders and the community as a whole. It is our aim that this Code of ethics publicises our dedication to the spirit of business ethics, good business practices and principles of conscientiousness and honesty.

The principles and rules of this Code are binding for all employees in all related companies of Metalac Holding, presidents and members of Managing and Executive boards, Supervisory board, and all persons engaged on a contract basis to perform certain operations.

Failure to observe them implies bearing responsibility and undertaking disciplinary measures, including job losses.

Managers on all levels are in charge of interpretation and implementation of this Code.

Failure to observe business ethics of other business entities does not release employees in Metalac from the responsibility to observe Metalac Code of ethics.

DEMONSTRATE AND DO AT LEAST AS MUCH AS YOU EXPECT FROM OTHERS



Only the disciplined, competent and responsible, willing to continuously improve their skills and knowledge, open for cooperation and resourceful in finding new solutions may contribute to increased competitiveness of our products and development of the company as a whole.

The minimum expectations of Metalac from every employee are as follows:

Everyone who has the status of a Metalac employee must be disciplined, hard-working and responsible for the work he/she does. It is important that an employee is honest and conscientious, open and correct toward his/her colleagues, co-workers, customers and suppliers. No employee shall be involved in gossip and rumour-spreading.

Every employee is to have knowledge, skills and be familiar with processes necessary for his/her job position. They shall observe procedures, instructions and stipulated deadlines. They shall be active in looking for solutions to problems, inform their superiors about them and view results of their work in a critical manner.

Every Metalac employee shall primarily bear personal responsibility for the quality of work done.

Managers are to present a model for desirable behaviour

Orientation towards goals, organisation of work, monitoring results and taking actions to promote them – these are the elementary parameters of Metalac when it comes to management. However, every manager is obliged to contribute to strengthening the corporate values of Metalac and overall business culture with his/her behaviour, and, most importantly, to contribute to the spirit of respect and trust within their organisational unit, as well as within overall internal and external environment of Metalac. The managers are expected to promote team work and team spirit, enable exchange of knowledge, be democratic in the process of decision-making and firm in their implementation. A manager must be honest, fair, consistent, and be an example of desirable acting and behaving.

I have always strived to things better than the average and persons better than the average. Still, it is important to remain free, independent from power centres, and especially from politics. I never leave anything unfinished. I never give up. But I always make sure I never do anything to the detriment of others. Metalac has the same spirit, because it does not accept average quality, it works harder and aims further than the others. Without doubt, this is not by chance that we are alike.

Statement of Dragoljub Vukadinovic,
Company President, 2006



BY LAW, CONSCIENTIOUSLY, AND RESPECTING PARTNERS

Legality of business operations is the imperative

Metalac observes all laws and other regulations relevant for its business operations. It is also obliged to observe all local laws, rules and customs of the countries it operates in. All Metalac employees have the obligation to observe laws with no exception. Every employee is expected to be familiar with the laws and regulations relevant for his/her work, and to seek advice in case of any ambiguity. Soliciting illegal actions and disguising transgressions of the law is not allowed...

Observing local laws of countries we cooperate with. Employees involved in business operations with foreign countries must be familiar with all relevant local and foreign laws and regulations and must observe them accordingly.

Integrity in negotiations and contracting

In all business relations, it is necessary to express respect for the partner. Offers are submitted and negotiations are conducted only if there is a serious intention to conclude a contract. In case the business partner decides not to conclude a contract without any justified reason, Metalac shall deem that serious intention to conclude a contract never existed. Concluding and signing parts of agreements which do not correspond to the business risk taken by contract is contrary to business ethics. Fictitious and simulated agreements are not allowed.

Carrying out duties is a precondition for trust

Duties stipulated by contract, agreement, or in any other regular business manner are to be carried out with utmost professional care and responsibility. It is the business practice of Metalac to refrain from any procedure which would aggravate carrying out duties of the other party, and, in case of a problem, willingness to overcome the issue in order to continue cooperation is always given priority. However, Metalac shall find it unacceptable and no willingness may be expected in case the issue emerged due to failure to observe basic business ethics values and principles stated in this Code of ethics.

Respecting competition to be respected

Metalac is against monopolies and unfair competition on the market. Promoting conditions for fair competition is both our attitude and our need, because this is the base for business development and innovations. All employees are trusted with the task of fighting for Metalac and on behalf of Metalac in an open market in a resourceful and constructive manner, continuously observing laws of each and every country Metalac operates in.

Accounting and financial reports

It is our obligation to act in line with accounting principles and standards, to present financial information fully and accurately. The employees in charge of financial reporting shall always provide full, true, accurate, timely and understandable information in the reports and documents Metalac files or submits to state bodies and in other public reports.

RIGHTS AND OBLIGATIONS OF EMPLOYEES



*Observing human dignity
and respecting human rights is above
all other rights and obligations*

We are not different by who we are

Employees shall not be discriminated against based on their gender, age, race, marital status, pregnancy, political beliefs, religion, ethnic or social background and status.

All Metalac employees have the right to be treated with dignity, politeness and respect by all their superiors, subordinates and peers. Metalac especially protects and encourages the right of their employees to have families.

Our results make us different

All Metalac employees are equal and have equal possibilities for success, while their position within the organisation depends on their working results. All employees with the same educational background, experience and results shall be entitled to equal pay for their work.

Being healthy is a metaphor of a desirable attitude towards oneself and others

Health of employees and safety at work are an axiom. Metalac is a company which insists upon clean and healthy working environment and safety at work. This is why we say that employees have not only the right, but also the obligation to act in accordance with company requests which keep them away from health-related and other risks.

Cigarettes, alcohol, narcotics and weapons are prohibited

Smoking is strictly prohibited, except in specially designated areas. It is prohibited to bring alcoholic drinks, drugs and other narcotics into working premises, alcohol intake, i.e. drinking at work, as well as coming to work under the influence. Alcoholic drinks are served only on special occasions, when allowed by the person in charge. It is also prohibited to carry or use any weapon, except in case of authorised persons, in strictly specified situations or in case security of property and safety of employees have been threatened.

Official position may not be used for political purposes

Employees have the right to actively participate in political life, but only outside working hours and work places. It is prohibited to use the official position or company property to support a political candidate, political party, movement or group. It is also prohibited to exert pressure or extend promises to employees, primarily subordinates, to achieve a political aim.

Employee information is protected

Employee-relating data is classified and as such is subject to special protection. They may not be disclosed to third parties, except for the purpose of proceedings before a competent organ.

Employees have the right to be informed about the procedure of collecting data about themselves and their activities throughout their working age and manners in which this data is going to be used.

Data on applicants to job positions may be used solely for the purpose of employment.



ATTITUDE TOWARDS WORK AND CO-WORKERS

What is crucial in life is also crucial when it comes to Metalac as a partner, which is a humane, correct attitude in work, which, certainly, developed into mutual trust – said a partner from Spain in a statement from 2002.

Authority, responsibility and hierarchy

Every Metalac employee is obliged to observe the hierarchy and organisational structure of the company, to act within his/her competences and responsibilities, and to contribute to overall discipline and efficient functioning of the system with his/her general behaviour.

All Metalac employees are obliged to perform their duties in a professional and responsible manner. In case they encounter difficulties, they are expected to engage themselves in finding a solution in line with the procedures planned for this type of business operation.

In extraordinary situations such as illness, personal problems, or some other reason, the employee is obliged to inform his/her superior about this; the superior will try to harmonise this extraordinary situation with the working needs.

Rules contribute to trust and respect

Heads of organisational units are in charge of monitoring and implementation of rules and procedures stipulated by Metalac company acts. Every Metalac employee must be familiarised with the rules and regulations valid for his/her working domain.

Managers are expected to continuously monitor work of their employees, recognise and direct their working and creative capabilities. Starting from authorities and responsibilities, it is very important that managers recognise all possible emergency situations and prevent them, with the aim to develop a relationship of mutual respect and trust within the organisational unit they are in charge of.

Clear and accurate communication

When it comes to communication, regardless of whether internal or external, verbal or written, Metalac employees are expected to shape it, both context-wise and style-wise, in accordance with standards of contemporary business communication. Undoubtedly, it is most important that all communication is in the spirit of healthy business cooperation, using accurate information and clearly expressed expectations. Business correspondence rules and Business etiquette are the documents available and mandatory for every employee whose job position implies intense internal and external communication.

THE OBLIGATION OF AVOIDING CONFLICT OF INTEREST



Decisions and actions of Metalac employees, starting from administration to workshop employees, must rest on what is in the best interest for Metalac. A conscientious attitude to work in Metalac implies avoiding situations in which personal interests are conflicted, or may be conflicted, with the interests of the Company.

Three “DON'Ts” and conscientiousness at work

In order to avoid conflict of interest, Metalac is guided by transparency of the basic rule: for personal benefit, growth of personal property or property of a third person:

- › Do not use the Company's property
- › Do not disclose classified information within the Company
- › Do not abuse the position in the Company

Acting in line with these rules and conscientiousness in carrying out duties based on fundamental values and principles of this Code of ethics prevent conflict of interest. These rules are binding for all managing bodies, managers and employees of Metalac. Understanding our attitude is also of crucial importance for quality of our relationship with our partners.

Business opportunities

It is contrary to the principles of this Code to use business opportunities encountered while performing one's duties to the benefit of oneself yet contrary to interests of Metalac. It is not contrary to interests of Metalac to use business opportunities for the purpose of individual professional development.

Engagements for other entities

Engagements outside Metalac, regardless whether compensated for or not, must not jeopardise business operations at Metalac. Metalac believes that your engagement threatens performing your job in Metalac in case it takes your time and attention needed for quality of work and decision-making in Metalac, or call for your work during working hours to be spent in Metalac.

Membership in managing boards and similar bodies

Such engagements in another profit-making company or a state body are not permitted if they generate conflict of interest. Assessment of such a threat is to be performed by your manager or a superior organ in the Company. Work in committees of non-profit or social organisations is not subject to previous approval, unless there is potential conflict of interest.

Prohibition of competition

Managers, members of Managing, Executive and Supervisory boards, and persons trusted with representation of the Company may not, directly or indirectly, be involved in another competitive company, unless they have been issued an approval to do so. This prohibition primarily relates to: employment, status of an entrepreneur, partner, member or shareholder, member of a company body, company representative, company liquidator or contractual authorisation to manage operations of a business entity.



OBLIGATION OF AVOIDING CONFLICT OF INTEREST

Support to political activities

It is not allowed to execute any contributions, benefits or payments, directly or indirectly, in order to provide support to political parties or their candidates.

Gifts, benefits and entertainment allowances

Metalac employees may not offer or receive gifts, benefit or entertainment allowances in case this would present breach of law or could affect professional decision-making contrary to interests of Metalac.

Business gifts and costs of entertainment must be in line with business etiquette and corporate business behaviour policy.

Bribe and commission

It is absolutely prohibited and punishable to request, receive or offer bribe, commission or any other illegal or unethical benefit, both directly and indirectly. Any such notion must be reported to the Company management without delay. Observing this rule is of special importance for the rating of Metalac, as well as the quality of its relations with its business partners.

Revealing conflict of interest

It is the obligation of every Metalac employee to point to all situations and transactions which could lead to conflict of interest. Metalac also expects that you address your superior if you suspect you may be involved in a suspicious arrangement or transaction which may be deemed conflict of interest.

Some transactions or arrangements may be undesirable, and in case of senior management, they may be the subject of approval of the Managing board.

CLASSIFIED INFORMATION AND BUSINESS SECRETS



Expert management of classified information

Keeping classified information and business secrets is of utmost importance. The employees are expected to treat classified information and data in a responsible and accountable manner and use them only in line with their competences. Unauthorised access, using and providing information is not permitted.

In case you are not certain whether it is about classified information and whether you are authorised to access, use or give information, you must ask for instructions. The management is responsible for expert dealing with information.

Business partners of Metalac are also to ask for permission when they want to publicize information relating to Metalac. Similarly, employees of Metalac must observe secrecy of data provided to Metalac. It is prohibited to provide fraudulent data, obstruct and prevent flow of relevant information.

Business secret

Any unauthorised disclosure of information or data to third parties could jeopardise the interests of Metalac or which could be to the benefit of competitors shall be deemed business secret. This could be information related to employees, business partners or consumers; negotiations and contracts; organisation, business operations, business processes; product development and research as intellectual property.

Publicising information the publication of which is mandatory by law, i.e. the ones which are related to transgressions of the law, violations of good business practices or principles of business ethics shall not be deemed disclosure of a business secret or classified data.

Additional measures for the protection of classified data

Persons employed with Metalac, members of its bodies and other persons engaged on a contract basis to work in the name and to the benefit of Metalac have the obligation of not disclosing classified information to third parties.

Even in case when employment or contract engagement with Metalac has been terminated, protection of classified information is obligatory. Documents containing classified data may not be taken away, copied or kept.

In case classified data is not treated in accordance with law, other provisions and this Code, such persons shall be deemed liable for the damage incurred to Metalac.

Classified information and conflict of interest

Employees, members of managing bodies and their family members must not use classified information and business opportunities with the aim of securing financial benefits for themselves or for related persons.

It is especially prohibited to use information you learned based on your position in Metalac for personal purposes, as well as business opportunities Metalac is interested or could be interested in, or to hide information you learned based on your position in Metalac which could be important for making business-related decisions.

Communication and information on finances

Only authorised persons may comment and release information on financial results and prospects in public. In case they are not authorised to do so, employees may not comment Metalac and its business operations on behalf of the company in mass media, before investors, financial or industrial analysts, or in Internet chat rooms.



PROTECTION AND APPROPRIATE USE OF PROPERTY

It is sufficient to treat property of Metalac as our own property

Preserving and increasing property of Metalac is of crucial importance for regular execution of stipulated obligations and quality of business operations. The employees are expected to use the Company property in a conscientious manner and protect it from devastation. Every employee is responsible for protection of property trusted to him/her as well as for assisting in protecting property of Metalac in general.

Any misappropriation, devastation, unauthorised use or destruction of property due to gross negligence is punishable.

Metalac telephones, e-mails, web-sites and other Internet connection, computers, faxes and other means of communication shall serve for business purposes only.

Intellectual property is the property of utmost importance for Metalac and it shall be treated with due attention.

Intellectual property created by a Metalac employee during the course of his/her work shall become property of Metalac in accordance with the law or contract on employment or any other agreement. The exceptions are stipulated by international conventions, laws and the clause defined in the employment contract.

When leaving Metalac, an employee is obliged to return all property of Metalac, including documents and assets containing classified information. The obligation of protecting information shall not cease with termination of employment.

ENVIRONMENTAL PROTECTION IS AN ETHICAL ACT



Metalac has opted for an integrated approach of quality management and environmental protection. Thus, it shows that it does not only take the ones who pay for its customers, but all those who in any manner influence its production processes – including employees, closer and broader environment, as well as resources at the disposal of the Company. It is not only a business success, but ethical act as well. – Statement of Jovan Filipovic, PhD, President of Serbian Government Quality Council in 2001.

Metalac has integrated quality management and environmental protection systems QMS/EMS. Sustainable development is one of the imperatives of our business policy. It is the obligation of every employee to continuously promote processes and improve results in terms of environmental protection, and to actively communicate with stakeholders in order to receive constructive feedback information.

Education and training sessions aimed at raising environmental awareness and capability of employees to act in line with the Company commitments, defined procedures and measures aimed to promote of all aspects of environmental protection are mandatory practice in Metalac.

Economy and environmental protection, which used to be mutually opposed, should enter into a harmonious relation which could lead to survival. ISO 14001 is our pattern and guideline adopted to return natural balance conscientiously, systematically and in a controlled manner. For Metalac, standards ISO 14001 are more than mere rules and procedures, because we manufacture products for environmentally aware clients, and because it is our wish to be recognised as a company caring about the environment.

From the statement of Petrasin Jakovljevic, General Manager



SOCIALLY ACCOUNTABLE BEHAVIOUR

Everything the public recognises as socially accountable behaviour of Metalac becomes a part of the internal value system of Metalac and its obligation.

The name of Metalac is associated with socially accountable and ethical behaviour. Metalac is aware that it may have and has influence on the social setting, starting from benefits stemming out of its operations and overall business results, fair and safe working conditions it provides, and activities directed towards environmental protection, to paying attention to social issues, cultural, sport-related and other needs of the community in which it exists and operates.

The Metalac fund has been established with the aim of achieving humanitarian and other socially useful goals, promoting and assisting creativity in the areas of science, culture, arts and sports, as well as in other areas of strategic and developmental social interest.

Metalac also believes that investing in sport is a way to pay respect and be accountable to the environment we work in. The mission of Metalac Sport association, comprising six clubs with about 600 sports persons of all categories, is to primarily attract the youngest to the sport grounds, to provide them with the possibility to learn about team work and in the competitive spirit through sport.

The activities of Metalac, publicly accepted and valued in different manners, automatically become an exceptionally important asset and support to values encompassed by this Code of ethics. Thus, Metalac was recognised as “the patriot of 21st century”, the company which “has not become corrupt and can be trusted”, the company which confirms the thesis that “success equals ethics”, the company which “contributes to futuristic concepts on EU company level”, “contributes to the return of Gornji Milanovac to full economic prosperity”. Our company has received Serbian Chamber of Commerce Award for contribution to and promotion of economy of Republic of Serbia; a national award for long-term dedication to quality; medal of “Bebac.com” an organisation supporting the campaign “Expectant mothers first” and the action of Metalac Fund “Children – Our Future”, etc.

In line with this interaction, Metalac is willing to extend the frameworks and principles of its values, certain that being a leader on the local market calls for much more than the greatest market share.

PROFESSIONAL AND PERSONAL DEVELOPMENT OF EMPLOYEES



Only human knowledge is inexhaustible, all other resources are limited – this is the attitude of the company which invests considerable funds in the continuous education and training of its employees. The practice of continuous training encompasses employees on all levels of the production and business processes and of all educational backgrounds.

Metalac believes that long-term and stable development inevitably calls for high performance and supreme quality in everyday work in all production processes and on all levels. This is why we need hard-working, professional and motivated people, willing to continuously improve their knowledge, skills and capabilities.

Permanent training and exchange of knowledge are our right and obligation

Metalac is a company which takes people as its most important asset. Individual growth and training through adoption of new knowledge and skills is an obligation of each and every individual.

Metalac will always strive towards the environment in which individuals will be able to develop in order to achieve expected results and reach professional and personal ambitions.

All employees, including managers, are expected to communicate openly with a transfer of knowledge and experiences. It is especially important to extend professional assistance and support in learning to young and new employees. In this manner, the most important potential of Metalac becomes multiplied, which simultaneously helps prevent losses and brain drain.

Satisfied people are in the interest of the company

Metalac believes that successful and satisfied people are characterised by a permanent tendency to develop personal potentials and achieve goals in different segments of life. This is why we create a stimulating working environment in which work is done with quality communication and interaction, which opens up possibilities for achieving professional and personal goals to the satisfaction of both employees and Metalac.

Metalac cherishes the policy of motivating the most successful, and successful is everyone who has, observing business ethics, in equal conditions for all, achieved exceptional results and contributed to the status and development of the Company.



ATTITUDE TOWARDS CUSTOMERS

Related companies of Metalac nowadays produce kitchen utensils, kitchen sinks, boilers and packaging. Our trade companies are the expression of our wish to get close to the customer. Satisfaction of customers and end users of our products and services is the supreme value we subordinated everything to. It is the only thing which generates profit and results in satisfaction of shareholders, management and employees of Metalac company.

Petrasin Jakovljevic, General Manager
in his address to the employees in 2005

Focusing on the market and satisfying customer needs are the bases of orientation of Metalac. Only by a fair relationship with consumers of our products and services can we earn trust and respect.

Metalac especially insists on observing standards of quality, safety and healthiness of its products, thus protecting safety and health of customers and protecting the environment.

Consumers must be clearly informed about the product, including the necessary data on the label and instruction for use.

It is unacceptable and prohibited to misinform customers by publishing incomplete or fraudulent information, concealing data about a product or service important for a customer when making a decision.

Every comment a customer has on a product or service is to be subject to a professional reaction of a Metalac employee, in line with the Code of business ethics and business policy of the Company.

ATTITUDE TOWARDS CLIENTS AND SUPPLIERS



Quality, reliability and meeting delivery deadlines are the most significant advantages of Metalac as our partner. Metalac is one of our major suppliers and therefore is free to assist us with its own views to the new and existing products and is invited to participate in decision-making. Everything has always been done in line with what has been negotiated. This is why I may say that our relationship has been developed to handshake level. Such mutual trust has more importance than written agreements – statement of a partner from Great Britain in 2002.

The values and principles contained in this Code of ethics have been developed and confirmed through long-year practice on the local and international markets. Metalac has remained consistent in its belief that more than any business transaction, it is important to develop long-term partnerships with clients and suppliers based on mutual trust and respect.

Every employee of Metalac knows that the quality of products and meeting deadlines are the absolute minimum when it comes to the customer. Flexibility in case of special requirements is our competitive advantage, while the attitude that our customer is our long-term partner is our philosophy.

Everything else is regulated by agreements, in a legally prescribed manner and in line with professional standards.



RELATIONS AMONG COMPANIES WITHIN THE HOLDING

We have opted for establishing a Holding organisation in order to increase flexibility to changes, courage before challenges, efficiency in achieving success and dedication to customer satisfaction. More new employees ranked in fewer levels of hierarchy will advance more efficiently. Our corporate flag makes our mission achievable, and our vision reachable.

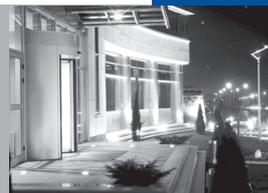
Dragoljub Vukadinovic, Company President,
on becoming a Holding organisation in January 2006

By becoming a Holding organisation, Metalac opted for a functional, enterprising organisation which enables more efficient decision-making and implementation of the decisions made on every company level, as well as increasing motivation of employees in different businesses within the Company.

The organisation of strategic functions on top of the system enables the base for synergic effect after the principle $2+2=5$.

This is why it is exceptionally important that the companies and employees communicate and cooperate on the principles of mutual trust and respect, to cherish multidisciplinary and team work, and, above all, to develop the feeling of affiliation with Metalac Company.

OBSERVING THE CODE OF BUSINESS ETHICS



Observing and acting in line with provisions of this Code is mandatory for every employee of Metalac and members of all bodies of Metalac.

In case of any ambiguity in relation to interpreting the Code, an employee should address his/her superior. Our managers have an additional responsibility to act in such a way as to point out to how important it is to observe it. Exemplary behaviour in managing is of utmost importance, as well as willingness to respond to employees when they have ethics-related questions or in case they want to report possible transgression of the rules.

Failure to act in accordance with the Code and violation of the Code may lead to initiating disciplinary procedure, including losing a job and court proceedings.

It is ethical to report when someone violates the Code

Every employee is free to report every behaviour which is substantially believed violation of laws or Code of business ethics of Metalac, to his/her superior, or a senior manager, or in line with the procedure.

Managers are expected to treat the issue seriously and reach a satisfactory solution in line with ethics and values of the Company and all legal obligations.

Metalac shall not accept any discrimination or repression against its employees resulting from their reporting alleged violations.

Acting in a manner other than as expressed in this Code may be approved only in exceptional circumstances and only upon approval of the Company management.

September, 2007

President of the Management Board
Dragoljub Vukadinovic, B.Sc.