

Code of Business Conduct

Principles of Legal Compliance



Introduction

Established by Walter Cherry in 1953, the then family run business has been developed as one of the leading international developer and supplier for computer input devices. The brand name Cherry stands for highest quality, Innovation, technological competence and open and fair partnership.


Legality is one of the fundamental values of our company, and of paramount importance for me as CEO of the Cherry Group. We expect all our associates to follow the principle of strict compliance with all legal requirements. Violations of the law are not tolerated in our company. This applies without exception.

To demonstrate the significance of this principle, we have summed up our position with regard to legal requirements and ethical issues. We are making this guide available as a Code of Business Conduct for all our associates. It is designed to outline the basic standards we seek to adhere to doing business for Cherry.

If you are ever in doubt about what the right decision should be, or whether the right decision has been made, we urge you to consult your supervisor or the compliance officer appointed for your country.

Together we shoulder the responsibility for the reputation of our company towards all partners and towards the public.

ROLF UNTERBERGER,
CEO of Cherry Group



Code of Business Conduct

Preamble

Unconditional compliance with all legal requirements has always been imperative for our company, and is an integral part of the Cherry values. Guidelines and directives govern how the associated obligations are to be observed. To facilitate associates' compliance with these obligations, their essence has been summarized in this Code of Business Conduct.

This Code of Business Conduct governs the relationship between the units of the Cherry Group and its associates. It is not intended to create contractual rights for third parties.

1. Principles

Lawful conduct

We respect the principle of strict legality in all acts, measures, contracts, and other transactions of the Cherry Group; this also applies to the payment of taxes due, obtaining

necessary official permits (typically pertaining to customs and export control law), and observing third party rights. We support this principle not only in view of the considerable business damage that can arise from violations – through prosecution, fines, or compensation claims – but above all because we endorse the principle of unconditional compliance with the law, irrespective of any potential cost or benefits to the Cherry Group.

All associates are personally responsible for compliance with the law in their field of work. It is strictly forbidden to induce third parties to commit, knowingly to collaborate in, or to cover up unlawful acts. Irrespective of any sanctions provided by law, actions contrary to this rule shall lead to disciplinary action.



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CFO of Cherry Group

Supervisors are responsible for ensuring that no violations of the law and this Code of Business Conduct occur in their area of responsibility which could have been prevented or impeded by appropriate supervision. Supervisors must make it clear that violations of the law are prohibited and will lead to disciplinary action, irrespective of an associate's position in the company. In this connection, supervisors shall expressly draw associates' attention to the provisions contained in this Code of Business Conduct.

Responsibility for the reputation of the Cherry Group

All associates must pay due regard to the reputation of the Cherry Group when performing their duties.

Conduct towards associates

We respect the personal dignity of every individual and therefore do not tolerate unlawful discrimination or harassment of our associates. We do not use child labor, and do not approve of the use of child labor by our business partners.

2. Avoiding conflicts of interest

Shareholdings and secondary employment

Secondary employment is allowed only upon prior consent by the employer.

Furthermore, associates must not engage in sideline activities for or invest in companies that are competitors, suppliers, or customers of Cherry unless they obtain the prior written consent of the executive management responsible. This rule does not apply if the associate's shareholding is less than 10 percent.

If an associate, his spouse or partner, or a close family member holds an interest or serves in a senior position in another company and is in a position to influence the business relationship between Cherry and that company, there is a potential conflict of interest. In such cases, transactions with that company must not be conducted without the prior written consent of the executive management responsible.



Engaging business partners for private purposes

If associates' work entails direct involvement in the awarding or settlement of orders, and there is consequently a potential for a conflict of interest, they must obtain the prior written consent of the executive management responsible before engaging the services of a Cherry business partner for private purposes. This provision does not apply to goods and services generally available.

3. Dealing with information

Written documents

All records and reports, whether internal or external, must be accurate and truthful.

The accounting principles applicable to the respective units of the Cherry Group shall be observed; these require that data and other records be entirely correct, timely, and compatible with the relevant systems at all times.

Confidential information of the company may only be used as the basis for the creation of records, files, and the like if their creation immediately serves the interests of Cherry.

Confidentiality

Confidential information of the company must not be disclosed to third parties. The obligation to maintain secrecy shall remain effective even after termination of the associate's employment.



Data protection and information security

In all business processes and in compliance with the applicable statutory requirements, privacy must be maintained when personal data are used, and the security of all business data must be ensured. Technical security measures to prevent unauthorized access must comply with an appropriate standard corresponding to the state of the art.

Insider information

Insider information is any non-public information which an investor would consider important in making investment decisions.

It is forbidden to acquire securities, to sell them, or to recommend their purchase or sale on the basis of insider information.

Insider information shall be treated in strict confidence. It must never be disclosed to third parties; this also applies to the disclosure of passwords allowing access to insider information held electronically. Insider information may only be disclosed to associates or external consultants if the recipients require the information in order to perform their work, and have undertaken to treat the information in strict confidence.

4. Conduct toward business partners and third parties

Competition and anti-trust law

All associates have a duty to observe the rules of fair competition as defined by applicable law.

In particular, competitors are not permitted to exchange information or reach agreements on allocation of territories or customers, prices or components of prices such as terms and conditions of sale and warranty, supply relationships or the conditions governing them, production capacities, or the terms and conditions of offers. This also applies to the exchange of information concerning market strategies and investment strategies. Written or oral agreements to this effect are prohibited. In addition, an illegal agreement can be inferred from similar conduct or patterns of behavior.

Cooperation in or the exchange of information regarding research and development projects is only allowed in specific exceptional cases.

The company's market position must not be exploited in violation of the relevant laws to engage in price discrimination, the supply of unsolicited products, or the refusal to do business.



Relationships with suppliers and customers

Agreements with customers and suppliers shall be complete, unambiguous, and documented, including any subsequent changes and additions. This shall also apply to arrangements such as bonus payments or cost subsidies for advertising and sales promotion.

All associates must comply strictly with the internal regulations governing the application of the principle of dual control and the segregation of executive and monitoring functions.

Suppliers shall be selected solely on competitive merit, based on a comparison of the price, quality, performance, and suitability of the products or services offered.

Bribery, corruption, inducements

Agreements or supplements to agreements referring to the acceptance of bribes or preferential treatment in connection with the brokering, award, delivery, settlement, or payment of orders are prohibited.

Associates who allow customers or suppliers to influence them unfairly, or themselves seek unfairly to influence customers or suppliers will – irrespective of any consequences under criminal law – be subject to disciplinary action.

The executive management responsible must be notified of any attempts by suppliers or customers to unfairly influence the decisions of Cherry associates. Depending on the individual case, appropriate action shall be taken, such as an order embargo or termination of the contract.

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Commission and remuneration paid to authorized dealers, agents, or advisers must be reasonable and proportionate to those persons' work. It is forbidden to agree to any benefits if it can be assumed that provision of such benefits is, in whole or in part, intended as payment of a bribe.

Agents or other intermediaries engaged by Cherry in order to acquire orders or permits must enter into a contractual obligation not to offer or receive bribes. Respective contracts shall include a clause providing for the right of termination without notice in cases of bribery or corruption.

Extreme caution shall be exercised when accepting and offering gifts and other benefits (such as attending events without any direct business relevance), including invitations (from and to suppliers or customers). Their financial scope must be such that it does not require the recipient to conceal acceptance, or make the recipient feel indebted. In case of doubt, the prior written consent of the executive management responsible shall be obtained.



Donations

Decisions about the award of donations or sponsoring activities are exclusively taken by the board of management of Cherry GmbH.

5. Product quality and safety

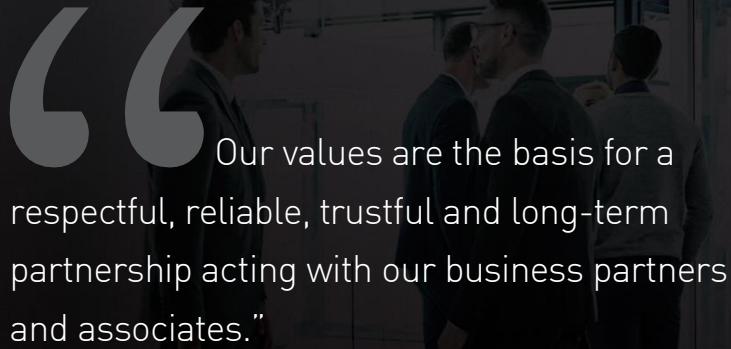
Quality without compromise is one of the core aspects of Cherry products. We seek to satisfy our customers' high quality and safety standards, despite the ever-increasing complexity of products and systems. Any improvements we make are intended to be thorough and designed to last.

Should defects arise, despite making efforts to avoid them, we take action to eliminate them in compliance with statutory provisions and contractual obligations.

6. Occupational health and safety, fire and environmental protection

All associates shall endeavor to keep our products and workplace safe, to minimize the adverse environmental impact of our operations, and to conserve resources.

Processes, facilities, and operating resources must comply with the applicable statutory and internal provisions governing occupational health and safety, as well as fire and environmental protection.



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BERND WAGNER
CFO of Cherry Group

7. Information and training

Current issues relating to this Code of Business Conduct shall be brought to the attention of associates at regular intervals. Special training courses for associates shall be regularly offered on certain subjects (such as product liability, anti-trust, labor and employment, and environmental law) and in selected critical areas (such as sales and purchasing).

8. Reporting irregularities

All associates have the right to draw their supervisor's attention to circumstances that appear to indicate a violation of the Code of Business Conduct. In every region, additional persons shall be nominated who may be contacted with such information (compliance officers), and alternatively a respective message can be sent to compliance@cherry.de to report potential violations of the Code of Business Conduct. Reports shall be investigated and, where appropriate, remedial and enforcement action shall be taken.

9. Monitoring

Each operating unit is responsible for compliance with the provisions of this Code of Business Conduct, as well as with other internal regulations within its area of responsibility.

Information and Contacts

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