



ELSTER GROUP CODE OF CONDUCT

FOREWORD

The following Code of Conduct is valid throughout the entire Elster Group. The Code of Conduct may be supplemented by corporate and/or local detailed operating regulations as long as those are in line with the principles set forth in this document. In the event of divergence, the stricter rule shall have precedence.

This enables subsidiaries in each country to adapt these principles to local requirements when putting the Code of Conduct into practice, so long as the requirements are in line with the basic principles in this document. National laws shall prevail if they are stricter.

A. BASIC PRINCIPLES

A.1. Behaviour in Accordance with Applicable Law

Observance of the law and the legal system is a fundamental principle for everyone in our Group. Every employee shall obey the laws and regulations of the legal systems of the country where they are employed. Violating the law will be avoided under all circumstances, especially violations punishable by jail, monetary penalties, or fines.

Regardless of the sanctions foreseen by the law, any employee guilty of a violation will be subject to disciplinary actions in accordance with the local employment law.

A.2. Responsibility for the Image of Elster

The image of Elster is determined by our actions and by the way each and every one of us behaves and conducts himself/herself. Inappropriate behaviour on the part of even a single employee can cause the Company considerable damage.

Every employee should therefore be concerned with the good reputation of Elster wherever they are. In all aspects of performing his/her job, every employee must maintain the good reputation of, and respect for, the Company.

A.3. Mutual Respect, Honesty and Integrity

We respect the dignity, privacy, and personal rights of every individual. We work together with women and men regardless of their nationality, ethnical background,

race, religion, beliefs, disability, age or sexual orientation. We tolerate no discrimination and no harassment or offence, be it sexual or otherwise.

We are open and honest and stand by our responsibilities. We are reliable partners and we do not make promises we cannot keep.

These principles apply to internal cooperation between Company employees and our conduct towards external partners.

A.4. Management, Responsibility and Supervision

Every manager has responsibility for the employees entrusted to him/her. Every manager must earn their respect by exemplary personal behaviour, performance, openness, and social competence. He/she shall set clear, ambitious, and realistic goals, lead by trust and confidence and leave the employees as much individual responsibility and leeway as possible. Every manager shall also be accessible in case employees wish to discuss a professional or personal problem which has a relation to their employment.

Every manager must fulfil their duty of supervision. It is the responsibility of every manager to ensure that no laws are violated in his/her area of responsibility which proper supervision could have prevented or rendered more difficult. The manager is still ultimately responsible, even if he/she delegates particular tasks.

The following apply in particular:

1. The manager must carefully select employees for their personal and professional qualifications. The duty of care increases with the importance of the obligation to be entrusted to the employee (duty of selection).
2. The manager must formulate the employee's obligations in a precise, complete, and binding manner, especially with a view to compliance with provisions of the law (duty of instruction).
3. The manager must see to it that compliance with provisions of the law is monitored on a constant basis (duty of monitoring).
4. The manager must clearly communicate to employees that violations of the law are unacceptable and will have employment consequences in accordance with the local employment law.

B. TREATMENT OF BUSINESS PARTNERS AND THIRD PARTIES

B.1. Antitrust-Compliance

Competition must be allowed to develop freely and effectively. The principle of integrity also applies to the battle for market share.

Every employee must abide by the relevant antitrust laws and principles ensuring effective competition. Although an anti-trust assessment of specific situations may not always be easy and readily available in practice, some types of behaviour clearly do constitute a violation of anti-trust laws and principles:

For instance, employees must not enter into discussions about price, strategy, output, customers, capacity or similar sensitive information with competitors at any time and under any circumstances. Equally, employees must refrain from entering into a non-compete agreement with a competitor, submitting bogus offers for bids or tenders, or to allocate customers, markets, or output.

Our employees must not restrict our customers' ability to determine their sales price or the territory into which, or the customers to whom our customers may want to sell. Exceptions to this rule require the prior approval of the Elster Group Legal Department in each and every case.

B.2. Offering and Granting Advantages

The quality and the price of our innovative products and services are the ways that we will win business.

Therefore no employee may directly or indirectly offer or grant unjustified advantages to others in connection with business dealings, neither in monetary form nor as some other advantage.

Gifts to business partners or their employees must be selected so as to avoid any appearance of bad faith or impropriety in the mind of the recipient. In case of doubt, the recipient should be asked to obtain prior permission for the gift from his/her supervisor. If the recipient balks at this request, this means that this person himself/herself considers the gift to be improper.

Gifts must not be made to public officials or other civil servants.

Employees concluding contracts with consultants, intermediaries, agents, or comparable third parties must ensure that they do not offer or grant any unjustified advantages.

B.3. Demanding and Accepting Advantages

No employee may use his/her job title to demand, accept, obtain, or be promised advantages of any sort. This does not apply to the acceptance of occasional gifts of insignificant value, but to any other gifts, which must be refused or returned.

B.4. Special Rules for Awarding Contracts

Any bidder for a contract expects us to examine his/her bid fairly and without prejudice. Employees whose work involves the awarding of contracts must particularly abide by the following rules:

- The employee must inform his/her supervisor of any personal interest he/she could possibly have in connection with the execution of his/her professional duties.
- There must be no unfair discrimination for or against any suppliers in their competition for contracts.
- Invitations from business partners may only be accepted if the occasion and scope of the invitation are appropriate and if refusing the invitation would be discourteous.
- Gifts from business partners must be refused and returned unless they are occasional gifts of insignificant value.
- No employee may have private contracts fulfilled by companies with which he/she has company business dealings if he/she could derive any advantage from them. This is particularly the case if the employee exercises or is capable of exercising a direct or indirect influence upon having that company receive a contract from any Elster Group company.

B.5. Donations

As a Corporate Citizen, Elster may make monetary or product donations for education and science, art and culture, and public welfare. Our offices receive requests for donations from the most varied of organisations, institutions, and associations. The following rules apply to granting donations:

- Applications for donations submitted by individuals are to be rejected in principle.
- Payments to private accounts are inadmissible.
- In no case may the grant be made to any person or organisation that would damage our reputation.
- The donation must be transparent. The recipient of the donation and the recipient's actual use thereof must be known. One must at any time be able to justify the reason for the donation and its use for the purpose served thereby.
- The donations should be tax-deductible.

Quasi-donations are prohibited since they violate the principles of transparency. Quasi-donations are grants which are intended to look like compensation for a particular performance. However, the compensation is substantially greater than the value of the performance. At least in part, it is thus effectively a grant for other purposes.

C. NON-DISCRIMINATION

Elster undertakes to uphold equal opportunities with respect to employment and to refrain from discrimination against employees based on gender, race, disability, national origin, religion, age or sexual orientation unless national law expressly provides for selection according to specific criteria.

D. AVOIDING CONFLICTS OF INTEREST

The Company considers it important to prevent employee conflicts of interest or problems of loyalty in their professional activities. Such conflicts can come about if an employee is active on behalf of, or has interests in, another company. The following rules thus apply for all of us.

D.1. Non-Competition

During the term of employment, it is prohibited to operate or to render services for a company which competes in whole or in part with any Elster Group company.

D.2. Interests Held in Companies Not Quoted on the Stock Exchange

During the term of employment, it is not permitted to hold direct or indirect interests in a competing company not listed on the stock exchange which competes in whole or in part with any Elster Group company.

Prior permission in writing is required to hold the following interests:

- in companies which are business partners of any Elster Group company;
- in companies in which Elster Group S.à.r.l. directly or indirectly holds voting rights of more than 20%;
- in companies for which capital is directly or indirectly made available by Elster Group.

Permission will be granted by the Group Vice President Human Resources and documented in the employee's personnel file.

Permission shall be withheld or withdrawn if the employee has business dealings with regard to the company in question. The same shall apply if the employee is able to influence the business policy of any Elster Group company with regard to this company.

Any interests held by members of an employee's immediate family in a competing company or another of the above described companies must be communicated to the Corporate HR Department in writing and documented in the employee's personnel file, insofar as the employee is aware of them and there is a potential conflict of interest.

D.3. Sideline Work

Anyone who intends to begin paid for sideline activities must inform his/her immediate superior beforehand in writing and apply for permission. Permission for such activities may be denied if it leads to a potential decrease in work performance, contradicts the employee's duties within the Company, or threatens to be a conflict of interest. Exceptions are occasional writing activities, lectures, and comparable occasional activities.

E. HANDLING OF COMPANY RESOURCES

The devices and equipment in offices and workshops (such as telephones, copying machines, PCs and laptops, software, Internet/Intranet, machines, tools) are designated for company business. Exceptions, and payment if applicable, can be agreed upon locally. In no case may any information be retrieved or transmitted which incites racial hatred, glorification of violence, or other criminal acts, or contains material which is sexually offensive within the respective cultural background.

No employee shall be permitted without the consent of his/her superior to make records, databases, video and or audio recordings, or reproductions by way of using company equipment or related to company affairs unless this is directly related to company business.

F. HANDLING OF INFORMATION

F.1. Records and Reports

Open and effective cooperation requires accurate and truthful reporting. This applies equally to the relationship with investors, employees, customers, and business partners, as well as with the public and all governmental offices.

Any records and reports produced internally or distributed externally must be accurate and truthful. According to proper bookkeeping principles, data and other records must always be complete, correct, and appropriate in terms of time and system. The requirement of truthful statements applies to expense accounts as well.

F.2. Confidentiality

Confidentiality must be maintained with regard to internal corporate matters which have not been made known to the public. As an example, this includes details concerning the Company's organisation and equipment, as well as matters of business, manufacturing, research and development, and internal reporting figures.

The obligation to maintain confidentiality shall extend beyond the termination of the employment relationship.

F.3. Data Protection and Data Security

Access to the Intranet and Internet, worldwide electronic information exchange and dialogue, electronic business dealings are all crucial requirements for the effectiveness of each and every one of us, and for the success of the Elster Group business as a whole. However, the advantages of electronic communication have inherent risks in terms of personal privacy protection and data security. Effective foresight with regard to these risks is an important component of IT management, the leadership function, and also the behaviour of each individual.

Personal data may only be collected, processed, or used insofar as this is necessary for pre-determined, clear, and legitimate purposes. High standards must be ensured with regard to data quality and in technical protection against unauthorised access. The use of the data must be transparent for those concerned; and the rights of the latter must be safeguarded with regards to information and correction and, if applicable, to objection, blocking, and deletion.

G. ENVIRONMENT, SAFETY, AND HEALTH

G.1. Environment and Technical Safety

Protecting the environment and conserving its resources are high-priority targets for our Group. A worldwide environmental management programme ensures observation of the law and sets high standards for this purpose. At product development stage, environmentally friendly design, technical safety, and health protection must be targets.

Every employee in his/her job must contribute to an exemplary performance in this field.

G.2. Work Safety

Responsibility vis-à-vis employees and colleagues requires the best possible accident prevention measures. This applies both to the technical planning of workplaces, equipment, and processes and to safety management and personal behaviour in the everyday workplace. The work environment must conform to the requirements of health-oriented design.

Every employee must constantly be alert to safety.

H. IMPLEMENTATION AND CONTROLLING

H.1. Implementation

The management of Elster Group S.à.r.l. and its subsidiaries throughout the world will ensure the widespread distribution of this Code of Conduct and see to it that the Code as in effect from time to time is implemented permanently.

Every Managing Director, Executive Board member or General Manager of any Elster Group company is required to acknowledge the receipt of and the compliance with the Code of Conduct in writing. In addition it may be decided locally to extend this procedure to one or more other management levels.

H.2. Controlling

Compliance with the law and observance of these Business Conduct Guidelines will be monitored worldwide in all Elster Group companies on a regular basis. This will be done in accordance with national procedures and legal provisions in question.

A Chief Compliance Officer is designated at the level of Elster Group. The Chief Compliance Officer is required to address in an independent and objective manner all issues directed to him. The Chief Compliance Officer is there to answer employees' questions and advise them on matters relating to the Code of Conduct. He is bound to treat all information in the strictest of confidence.

If the Chief Compliance Officer has accumulated sufficient evidence indicating a potential infringement of the basic principles of the Code of Conduct, he must include the Internal Audit department in further proceedings.

Thomas Preute (office address: Frankenstrasse 362, D-45133 Essen, Germany, Phone: +49 201 5458 170, e-mail: thomas.preute@elster.com) has been appointed to the position of Chief Compliance Officer of Elster Group.

H.3. Complaints / Whistleblowing Reporting System

Any employee may lodge a personal complaint with his/her supervisor, the Human Resources Manager, or any other person/unit designated for this purpose, or indicate circumstances which point to a violation of the Code of Conduct.

Elster Group will also implement a Whistleblowing Reporting System supported by an external provider. This will allow every manager or employee to address such cases of misconduct by using a telephone hotline or over the web at any time of the day. In the interest of an efficient investigation, we urge all employees to identify themselves when reporting a violation. However, if an employee finds it necessary to make an anonymous report, the individual may also decide to remain anonymous. More information about the Whistleblowing Reporting System will be available on the intranet.

We expressly encourage all employees to direct all issues pertaining to the Code of Conduct through one of the channels outlined above. All matters will be investigated thoroughly, and appropriate measures will be implemented if required. All documentation will be kept confidential. However, the applicable law may require disclosure of information regarding the identity of the reporting employee to the relevant persons involved in an investigation. In any case, no reprisal of any kind will be tolerated.

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