

ROYAL HOLDINGS, INC.

BUSINESS CONDUCT POLICY

Royal Holdings, Inc., and each of its subsidiaries and business units around the world, is committed to fair and ethical business practices and operating within the law wherever it conducts its business. Royal Holdings, Inc. recognizes that subsidiaries and business units in different countries must adopt local policies and reporting responsibilities to respond promptly to local conditions. In businesses operating outside of North America, the Managing Directors are responsible for assuring that local practices comply with Royal Holdings, Inc. corporate business practices, and where required, with US law, by coordinating all activities under the direction and approval of the Board of Directors and the Business Practices Oversight Committee, which includes the Chief Executive Officer, Chief Financial Officer, Vice President – Human Resources, and Vice President – Supply Chain.

Adco Europe Holdings, GmbH and its subsidiaries, Kömmerling Chemische Fabrik GmbH, Kommerling UK Limited, Kömmerling Chimie Sarl, and Koemmerling (Nanjing) Advanced Materials Co. Ltd, and their subsidiaries operate their businesses in accordance with the Company Business Conduct Policy designated below.

All employees share in the responsibility to help make sure Royal is conducting its business fairly and is in compliance with this Business Conduct Policy. Therefore, each employee is expected to disclose promptly any acts or transactions that such employee believes may be in violation of this Policy to either the Managing Directors, a Business Practices Oversight Committee member or through the Company's anonymous reporting hotline at www.mysafeworkplace.com.

INTRODUCTION

This statement reaffirms the Company's Business Conduct Policy, including its policies with respect to conflict of interest, use of the Company's assets, and compliance with laws, including laws relating to corrupt practices, unfair business dealings, trade practices, respect for others and regard for environmental and safety programs. All employees are expected to familiarize themselves with these policies and to comply strictly with them.

The Company's commitment to integrity begins with complying with laws, rules and regulations where we do business. Further, Royal employees are expected to have an understanding of the laws, rules, regulations and the company policies that apply to the specific job each performs. If an employee is unsure of whether a contemplated action is permitted by law or Company policy, he or she is expected

to seek the advice from the resource expert or the Managing Directors or the Business Practices Oversight Committee. Employees know they are to speak up if they suspect possible violations.

I. POLICY WITH RESPECT TO CONFLICT OF INTEREST

No employee is permitted to have any personal interest that is incompatible with the loyalty and responsibility owed to the Company. Employees must discharge their responsibilities solely on the basis of what is in the best interest of the Company and independent of personal considerations or relationships. Employees are expected to adhere to both the letter and spirit of the Company's conflict of interest policy. Although it is not possible to identify every particular activity that might give rise to a conflict of interest, some of the more common circumstances and practices that might result in such conflicts are set forth below.

1. Dealing with Suppliers and Customers

All employees are expected to maintain impartial relationships with the Company's suppliers and customers. Royal's employees are motivated solely to acquire goods and services and make sales transactions on terms with the best interests of the Company as their primary objective. They will take care to avoid even the appearance of special favoritism being exerted on behalf of a supplier or customer due to personal relationships. In that regard, employees are not permitted to have a substantial interest in any supplier or customer with whom they are dealing. If any employee has a special relationship or interest in a vendor or customer or its representative, he or she is expected to disclose all relevant information to the responsible corporate or subsidiary officer before proceeding with any business transactions.

2. Acceptance of Payments, Loans, Gifts and Entertainment by Employees

(a) Payments, Loans and Gifts

Except as indicated below, employees should avoid any payments, loans or gifts from third parties in connection with any business dealings on behalf of the Company. Gifts of cash or cash equivalents are strictly prohibited and should be returned at once without exception. In the case of any non-cash gift, the following courses may apply:

- (i) Only non-monetary gifts of nominal value may be retained by the employee.
- (ii) Employees are responsible for reporting gifts to the responsible corporate or subsidiary officer. If such officer determines that the return of the gift or gifts is not practical or desirable, the gift or gifts will be turned over to the Company for Company use, sale or charitable donation or, with the approval of the responsible corporate or subsidiary officer, the employee may retain gifts such as pictures, desk sets or the like for use in his or her Company office.

(iii) In an unusual case of an extravagant gift that exceeds the guideline, the responsible corporate or subsidiary officer will report any gift referred to in subparagraph (ii) to the Business Practices Oversight Committee or the European Managing Directors together with a request that the Board of Directors make a determination with regard to the proper handling of such gift.

(b) Entertainment

The receipt of occasional meals and reasonable entertainment appropriate to a business relationship and associated with business discussions is regarded as not inconsistent with this Policy.

3. Dealing with Competitors

At Royal, we are dedicated to ethical, fair and vigorous competition. We will sell the Company's products and services based on their merit, superior quality, functionality and competitive pricing. We will make independent pricing and marketing decisions and will not improperly cooperate or coordinate our activities with our competitors. We will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for the Company or the sales of its products or services, nor will we engage or assist in unlawful boycotts of particular customers.

No employee should have a substantial interest in companies whose products compete with any of the Company's product lines. An employee making or influencing decisions in any area of the Company's business must be motivated solely by a desire to do what is best for the Company. In addition, employees are not permitted to perform services of any kind for any competitor of the Company.

4. Outside Employment

Except where prior approval has been obtained from the Business Practices Oversight Committee or a Managing Director, employees should not perform services of any kind for any entity doing or seeking to do business with the Company. As to the performance of any other outside services, employees should not allow any such activity to detract from their job performance or require such long hours as to affect their physical or mental effectiveness. Nor should employees perform services for another entity which would reflect adversely upon the integrity of the Company.

5. Opportunities Resulting from Employment

The acquisition by an employee of any interest (real estate, patent rights, securities or any other type of property) in which the Company has or might have an interest may create a conflict of interest. An employee should disclose any such contemplated acquisition to the responsible corporate or subsidiary officer. Similarly, any profit opportunity in which the Company has or might have an interest that an employee acquires as a result of representing the Company in any transaction should be disclosed.

II POLICY WITH RESPECT FOR EMPLOYEES

We all deserve to work in an environment where we are treated with dignity and respect. The Company is committed to creating such an environment because it brings out the full potential in each of us, which, in turn, contributes directly to our business success. We cannot afford to let anyone's talents go to waste.

1. Respect for the Individual

Each of our Group Companies is an equal employment/affirmative action employer and each is committed to providing a workplace that is free of discrimination of all types from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her manager or to human resources, to the Business Practices Oversight Committee or to a Managing Director. Alternatively, the matter can be reported through the Company's anonymous reporting hotline at www.mysafeworkplace.com.

2. Develop a Culture of Open and Honest Communication

At Royal, everyone should feel comfortable to raise concerns about behaviors or activities that raise ethics concerns. Managers have a responsibility to create an open and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times and directing these questions and concerns to management.

We will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the Company will take appropriate action. We will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.

3. Health and Safety and Environment

Royal is dedicated to maintaining a safe and healthy working environment. The Company has implemented several safety policies and practices and employees are expected to abide by these practices. Employees should not perform any activity they feel is unsafe, but should contact their manager, site Environmental Health and Safety manager, Human Resources or local business unit manager or Managing Director if he or she needs further information on safety policies and practices.

The Company is committed to meeting its responsibilities for the environment. Employees must use great care in handling, using, storing, transporting and disposing of all chemical based materials to assure that all such activities are done in accordance with applicable laws and regulations. Any questions in this regard should be directed to the E H & S Department.

4. Confidential Information

Employees acquire information about the Company and its products not generally known to the public. They may acquire knowledge of trade secrets, processes, business plans, marketing and sales programs and other confidential information affecting the Company, including information received from third

parties that is subject to confidentiality agreements. Employees are prohibited from disclosing any such non-public information to any outsider.

(a) It is important that we respect the property rights of others. We will not acquire or seek to acquire or use a competitor's trade secrets or other proprietary or confidential information that has not been lawfully transferred to the Company. We will not engage in unauthorized use, copying, distribution or alteration of software or other intellectual property.

(b) We will not selectively disclose (whether in one-on-one or small discussions, meetings, presentations, proposals or otherwise) any material nonpublic information with respect to Royal, its business operations, plans, financial condition, results of operations or any development plan.

(c) We respect the privacy and dignity of all individuals. Special care is taken to limit access to employee's personal information the Company is required to collect to Company personnel with a need to know such information for a legitimate purpose. Employees who are responsible for maintaining personal information and those who are provided access to such information are not permitted to disclose private information in violation of applicable law or in violation of the Company's policies.

5. Drugs and Alcohol

The Company will not tolerate or condone substance abuse. It is our policy to maintain a workplace free from alcohol and other drug abuse and its effects. The Company will commit the resources necessary to achieve and maintain a drug-free and alcohol-free environment. Illegal drug use and alcohol misuse have many serious adverse health and safety consequences. The Company expects the full support of this policy by all employees and all persons doing business with the company.

III. POLICY WITH RESPECT TO USE OF THE COMPANY'S ASSETS

The proper use and recording of corporate assets are essential to the financial soundness of the Company and the legality of its transactions.

1. Proper Accounting

The Company maintains a system of internal controls which it believes provides reasonable assurance that transactions are executed in accordance with management's authorization and properly recorded. All employees are expected to adhere strictly to the Company's accounting policies and procedures.

No secret or unrecorded fund or assets may be created or maintained for any purpose. In addition, the making of false or fictitious entries in the Company's books with respect to transactions of the Company or the disposition of corporate assets is prohibited, and no employee may engage in any transaction that requires or contemplates the making of false or fictitious entries.

2. Business Entertainment

In appropriate circumstances, employees may entertain at Company expense individuals representing entities with which the Company has a business relationship where such entertainment is reasonable in extent and in accordance with generally accepted local practice. What is reasonable will depend on the circumstances and will be subject to established expense approval procedures.

Entertainment expenses involving travel, hotel accommodations or the like should be incurred only with the prior approval of the responsible corporate officer or subsidiary officer. This policy applies with equal force to the entertainment of employees of government agencies with which the Company deals on a commercial basis and other public officials. Entertainment of public officials should never be on a scale that might compromise or give the impression of compromising the integrity of such officials or the Company. In addition, payment of entertainment expenses for such officials must comply fully with all applicable statutes, rules and regulations and should be made only with the prior approval of the responsible corporate or subsidiary officer.

3. Business Gifts

Employees of the Company may make gifts at nominal Company expense to individuals representing non-governmental entities with which the Company has a business relationship, provided the gift is not prohibited by law or the policies of the recipient, but only when such items meet the following requirements:

- (a) Gifts in the form of cash or its equivalent shall not be given regardless of amount.
- (b) Gifts when made must be legal and in accordance with generally accepted business practices of the governing jurisdictions.
- (c) Specific prior approval of the responsible corporate or subsidiary officer should be obtained.
- (d) Specific prior approval of the responsible corporate or subsidiary officer should be obtained when any gift or award is proposed to be given to any employee of a government agency or any other public official or a family member or close associate of such person. Note, however, that the policy governing political contributions is set forth separately below.
- (e) Gifts should be appropriately identified on the Company's records and accurately treated for tax and any other purposes.
- (f) The following gifts are not prohibited: (i) candy, beverages and fruit of nominal value given for personal consumption, (ii) flowers of nominal value given on traditional occasions, (iii) souvenirs of nominal value given at Company functions, and (iv) gifts of a value that is usual under the circumstances given to Company employees upon promotion, transfer or retirement.

4. Political Contributions

- (a) Contributions in the United States

The federal election laws of the United States expressly prohibit corporations from making contributions in connection with any election for federal office. Accordingly, no officer or employee at any time may make a contribution for or on behalf of the Company in connection with any such election. Should you have any question concerning the limitations on corporate activity under the federal election laws, you should consult with the Business Practices Oversight Committee.

Political contributions in connection with any state or local election may be made only when consistent with the legal requirements of the governing jurisdiction and approved in advance by Royal's Board of Directors.

(b) Contributions in Foreign Countries

Political contributions in foreign countries may be made only when consistent with the legal requirements of the governing jurisdictions and approved in advance by the Managing Directors and the Company's Board of Directors.

(c) Personal Political Contributions

This Policy does not prohibit employees from making personal political contributions that are permitted by law. However, it must be clearly understood that the employee making the contribution will bear the entire responsibility and financial burden. The Company cannot and will not assume or acknowledge any responsibility or obligation with respect to such payments. Furthermore, no employee should make a personal political contribution with a view to assisting the Company in obtaining or retaining business.

IV. POLICY WITH RESPECT TO COMPLIANCE WITH ANTITRUST AND OTHER LAWS

(a) Antitrust Laws

Employees are expected to comply with the antitrust laws of the United States, the European Union, and Canada which impose both civil and criminal penalties for violation.

It is contrary to Company policy to have any discussion, communication, agreement or understanding with any employee, representative, or agent of a competitor concerning selling prices, pricing policy, discounts, promotions, terms or conditions of sale, purchases, territorial markets, production costs, distribution or the like.

Any understanding or agreement with another person to refrain from doing business with a customer or supplier or any discrimination in prices or promotional allowances as between competing customers (except as set forth in the next paragraph) is against Company policy. It is also against Company policy to require that a customer adhere to any suggestions concerning the customer's resale prices or terms of resale. It is also forbidden to engage in reciprocity, that is, basing the Company's purchases from a supplier upon the supplier's patronage of the Company.

It must be emphasized that the antitrust laws of the United States and the European Union are complex and that the foregoing is necessarily set forth in general terms, as it is not possible to enumerate the full range of legal exceptions. However, it is recognized that a lower price may be given to a customer competing with one or more other customers when given in good faith to meet a competitor's price or when based upon demonstrable cost savings. For example, a greater promotional allowance may be given to a customer competing with one or more other customers when given in good faith to meet a competitor's allowance, but this depends on a review of the particular facts.

It should be noted that the antitrust laws of the United States and the European Union may apply to transactions or agreements entered into abroad where there is an impact on the domestic or foreign commerce of the home country. This may be so even though the transactions involve citizens or corporations of other countries or goods delivered or services provided abroad. Therefore, employees should review proposed international transactions with the Business Practices Oversight Committee or Managing Director.

It should also be noted that in some cases, whether or not the antitrust laws of the United States or the antitrust laws of the European Union or foreign countries are applicable, the Company's policy requires compliance with the relevant law.

(b) Corrupt Practices

It is the policy of the Company that no employee will make, or cause to be made, any improper payment or offer any improper inducement to any actual or potential customer or to any intermediary as a bribe, kickback or similar payment, which is, directly or indirectly, for the benefit of any individual (including any government official), company or organization in any country and which is designed, directly or indirectly, to secure favored treatment for the Company. Company employees are prohibited from giving anything of value to officials of foreign governments in order to obtain or retain business. Company officers, managers, employees, agents, consultants or other representatives are not permitted in any circumstances to engage in bribery, kickbacks, payoffs or other corrupt business practices. Any questions with respect to any such payments should be addressed to the Business Practices Oversight Committee or the Managing Directors.

(c) Compliance with Laws Relating to International Trade

It is Company policy to fully comply with all applicable U.S. export, customs and trade control and regulations, licensing requirements and other relevant U.S. and international laws, as well as with all U.S., Canadian and EU regulations regarding trade, including compliance with anti-terrorism and anti-Boycott regulations. The Company has adopted screening and monitoring processes to assure compliance. All employees involved in transactions that could result in shipments to other nationalities are required to comply with this process. The Business Practices Oversight Committee and the Managing Directors are available to assist you as the need arises to facilitate compliance with these requirements.

(d) Compliance with Laws of Countries Outside the United States and Europe

In addition to compliance with the laws of the United States and each country of the European Union, employees are expected to comply with the laws of each country in which they operate. The fact that in some countries certain standards of conduct are legally prohibited but such prohibitions are not enforced in practice or their violations are not subject to public criticism or censure does not excuse illegal actions. Employees should consult with the Business Practices Oversight Committee or the Managing Directors if they have any question regarding compliance with the laws of any country outside the United States and Europe.

(e) Health, Safety and Environmental Laws

The health and safety of the Company's employees is of the highest concern, as is its regard for the environment. In that regard, the Company takes its obligation to comply with all applicable laws and regulations relating to health, safety and the environment most seriously and will cooperate in such matters with regulatory authorities. It is the policy of the Company to design, manufacture and distribute its products and to handle and dispose of materials throughout their life cycle in a manner that protects the environment and safeguards employees, customers and the public from unacceptable risk. It is likewise the policy of the Company that literature describing the Company's products be accurate and complete in all material respects, particularly with respect to health and safety matters.

V. VIOLATIONS

Employees of the Company are expected to comply with this Business Conduct Policy in all respects. The management of the Company is charged with responsibility to the Company's investors and to the public at large to see to it that the Company's dealings and affairs accord with the highest standards of business practice and ethics. The Company believes that the most effective way to carry out this responsibility is by strict enforcement of this Policy. Accordingly, any employee who knowingly violates this Policy, or knowingly permits a subordinate to do so will be subject to appropriate severe disciplinary action.