

CODE OF CONDUCT

**SET OF PRINCIPLES, VALUES AND STANDARDS OF CONDUCT TO BE FOLLOWED IN
BUSINESS MANAGEMENT**

GENERAL PRINCIPLES AND STANDARDS OF CONDUCT

1 General Principles of Conduct

- 1.1 This Code sets out the ethical commitments and responsibilities taken on and shared by the "recipients" in the Company for managing the business and doing their jobs. The principles and provisions in this Code are examples of the general obligations to be observed in terms of honesty, diligence, loyalty, integrity, transparency and mutual respect. These principles can be divided into the following three categories:
- (i) conduct related to employees;
 - (ii) conduct related to resources, and
 - (iii) conduct related to the business environment.
- 1.2 In the case of a breach in the provisions of the Code the appropriate penalties will be imposed (see clause 9 of this Code on disciplinary measures).
- 4.3 All "recipients", regardless of their position, must act in line with the principles set out in this Code and comply with it. There is a firm belief that ethics and integrity are key to the Company's success, in addition to resulting in quality products and services, and transparent relations with all those people who have to be dealt with in order to manage its business activities.
- 4.4 In case a doubt raises regarding a course of conduct, the recipient must ask for guidance from the head HR and/or the (one of the members of the) MT.

2 Standards of conduct for employees

2.1 Equal opportunities and non-discrimination

- 2.1.1 One of the Company's basic guiding principles is to give the same job and promotion opportunities to all employees.
- 2.1.2 Therefore, all "recipients" who are involved in a recruitment, selection or promotion process must be objective in the way they act and take decisions, and have an open attitude to diversity so that selection panels are at all times able to identify those people who best match a profile and the needs of a post to be covered, based on the principle of equal opportunities.
- 2.1.3 In conducting its business affairs, the Company does not accept discriminatory behavior on the basis of race, color, nationality, social background, age, sex, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its employees.
- 2.1.4 Specifically, the Company promotes equality opportunities between men and women in their access to jobs, training, promotion and working conditions, as well as their access to any goods, services and supplies they may need to do their jobs.

2.2 Respect for people and their intimacy

- 5.2.1 Harassment, abuse, intimidation, lack of respect and consideration are unacceptable and will neither be allowed nor tolerated at work. Thus, any type of harassment, be it physical, sexual, psychological, moral or otherwise, abuse of authority at the workplace or any other conduct that poses a threat to individual rights or is offensive are shunned.

- 5.2.2 All "recipients" and, in particular, those who hold posts of authority, must at all times and at all professional levels promote relations based on respect for the dignity of others, engagement, fairness and mutual collaboration by fostering a respectful working environment in order to create a good working atmosphere.
- 5.2.3 Relations between "recipients" will be based on respect. Likewise, in relations between "recipients" and people from outside the Company, professional respect, trust and mutual support should take precedence.
- 5.2.4 The Company will respect personal and family life.
- 5.2.5 The Company will respect its "recipients'" right to intimacy, in whatever form it takes, and, in particular, anything related to personal data.
- 5.2.6 The "recipients" in the Company undertake to make responsible use of its communications channels, IT systems and, in general, any other media the Company makes available to them in line with the policies and criteria put in place for such purposes.
- 5.2.7 The Company undertakes not to disclose personal data, unless the interested parties have given their consent to do so or if it is legally obliged to do so, or if it is required to do so by a court or administrative ruling. Under no circumstances may the "recipients'" personal data be processed other than for legally or contractually binding purposes.
- 5.2.8 The "recipients" at the Company whose job means they must access the personal data of other "recipients" must sign a written undertaking to keep these data in the strictest confidence.

2.3 Health and safety at work

- 5.3.1 Occupational hazard prevention is one of the Company's cornerstones, and its continual improvement a principal concern. The Company's occupational hazard prevention policy focuses on fulfilling the following objectives at all times:
- eradicating, insofar as is possible, all occupational hazards to which the "recipients" of the Code may be subject;
 - assessing the occupational hazards that cannot be avoided so that suitable preventive measures can be taken to keep them to a minimum;
 - combating occupational hazards at source;
 - adapting jobs to people, as well as choosing equipment, work and production methods, with a view to reducing their negative effects on health;
 - being up to date with the advances made in technology to improve the working conditions of the "recipients" of the Code;
 - planning a coherent overall prevention policy that covers technology, the organization of work, working conditions and the influence of factors related to the working environment;
 - giving collective protective measures priority over individual protective measures, and
 - giving appropriate instructions to employees.
- 5.3.2 The Company will put all of the means available to it to implement the health and safety policies required in the workplace and any preventive measures will be adopted to comply with the legislation in force, as well as any other regulations that may be enforced in the future.
- 5.3.3 All of the "recipients" at the Company must have read and comply with health and safety standards at the workplace so that occupational hazards can be anticipated and kept to a minimum. The

protocol is described in chapter 4 of the Companies employees manual ("*Arbohandboek Lagersmit Sealing Solutions B.V., V6, 14 juni 2016*").

5.4 *Fairness and conflicts of interest*

5.4.1 A conflict of interest is considered to arise in any situations in which the "recipients" personal interests, whether direct or indirect, clash with the interests of any other employee in the Company or the Company and have a bearing on their work. A personal conflict of interest will arise if a matter affects an employee or one of his/her "family members".

5.4.2 A "family member" will be understood to include the spouse, children, mother, father, brothers and sisters of the "recipients" or those of their spouses or any adult that lives with a "recipient".

5.4.3 Work-related decisions must be taken based on advancing the best interests of the Company, in such a way that they are not influenced by personal or family relationships, or any other individual interests of the "recipients".

5.4.4 With regard to possible conflicts of interest, the "recipients" at the Company must abide by the following general guidelines:

- a) Impartiality. The "recipients" must refrain from putting their own interests before those of the Company;
- b) Self-restraint. The "recipients" must show restraint in intervening or influencing decisions that could affect the Company, taking part in meetings at which such decisions are discussed and accessing confidential information that could be subject to a conflict of interest, and
- c) Disclosure: All of the "recipients" at the Company must disclose any situation that could involve a conflict of interest for them or the Company at the time they are hired and throughout the time they work for the Company. Should a conflict of interest arise or if there is the potential for one to arise, it should be reported to an immediate superior in writing.

5.4.5 In the report, the "recipient" must state:

- whether the conflict of interest affects him/her personally or through a person related to him/her, in which case that person must be identified;
- the situation that gave rise to the conflict of interest, with details if possible of the purposes and main conditions of the planned transaction or decision, and
- the department or the person at the Company with which contacts have been made.

This disclosure can be made by email.

5.4.6 It is particularly important that these general guidelines be observed in those cases in which the nature of the situation that has or could reasonably be expected to give rise to a conflict of interest constitutes a structural and permanent conflict of interest between the "recipient", or another person, and the Company.

5.5 *Environmental protection*

5.5.1 The Company conducts its business based on environmental sustainability and protection principles and criteria. In doing so, it gives priority to the management of resources and responsible consumption in order to hit its targets. Specifically, through the following actions:

- respecting the environment by making rational use of natural resources, recycle the barrels and by putting all the control mechanisms in place necessary to keep the contamination from our different industrial processes to a minimum;
- promoting the sustainable use of raw materials and natural resources;
- introducing guidelines for the continued improvement of our environmental behavior;

- complying with the legislation in force on environmental matters, as well as with other commitments entered into voluntarily;
- encouraging the individual and collective involvement of all the "recipients" of the Code in environmental matters through their ongoing training;
- cooperating with the authorities and bodies responsible for environmental matters;
- developing environmental programs, and
- disclosing information about our environmental management.

5.5.2 The Company conducts its business with respect for the environment by complying with all to the business applicable environmental regulations in force and by keeping the impact of its activities on the environment to a minimum (if possible).

5.5.3 The "recipients" at the Company must keep the environmental impact of their jobs to a minimum by endeavoring to make efficient use of all of the resources available and complying with the legislation in force.

5.6 Fight against money laundering

5.6.1 The Company has make a firm commitment not to engage in practices that could be considered irregular in its dealings with clients, suppliers, competitors, the authorities, etc., including the laundering of money earned from unlawful or criminal activities.

5.6.2 The Company is likewise committed to complying with all national and international rules and regulations in force on the fight against money laundering.

5.7 Fight against corruption and fraud involving third parties

5.7.1 In the framework of its fight against corruption, the Company has made a commitment not to conduct any business that could be considered corrupt in its relations with external third parties.

5.7.2 The "recipients" must avoid any kind of interference with or trying to exert an influence over clients, suppliers or third parties that could skew their professional impartiality and objectivity. This rule particularly affects those "recipients" who have to take decisions about contracting suppliers and services, and those who set the financial conditions of the transactions conducted with clients.

5.7.3 The "recipients" at the Company undertake to fulfil all internal procedures established for all procurement processes, including, if applicable, those related to the homologation of suppliers.

3 Standards of conduct related to resources

3.1 Information management: guidelines on transparency, reliability and confidentiality

6.1.1 The disclosure of restricted and confidential information, and making use of it for personal gain contravenes this Code.

6.1.2 The Company considers information to be one of its most valuable assets and, therefore, its protection is promoted in this Code.

6.1.3 The Company likewise undertakes to ensure that all of the information it publishes is true. The "recipients" at the Company undertake to ensure that all information released is accurate and reliable, and not to disclose incorrect information that could harm the Company.

- 6.1.4 In-house information that is the property of the Company will, in general, be considered as restricted and confidential information, and must be treated as a trade secret. Such information may not be disclosed to third parties without the express authorization of the Board of Directors of the Company that has the power to do so, or unless such a disclosure is required by law, a court of law or the administrative authorities.
- 6.1.5 The Company must put the appropriate security measures in place and will apply the procedures established for protecting the restricted and confidential information stored on hardware and electronic devices against any internal or external threat to its unauthorized access, handling or destruction, whether intentional or accidental.
- 6.1.6 The "recipients" of the Company must treat all internal information to which they have access in the course of their work as restricted and confidential, refrain from using it for personal gain and from disclosing any data, information or document obtained in the performance of their duties at the Company in any way whatsoever.
- 6.1.7 Any reasonable indication of restricted and/or confidential information leaks, or its use for personal gain must be reported using the media made available by the Company.
- 6.1.8 The requirement to maintain confidentiality will remain in force indefinitely and will include the obligation to return any materials related to the Company that "recipients" may have in their possession at the time that they terminate their relationship with the Company. These materials include documents, data storage media and devices, as well as the information stored on the "recipients" computers. In any event, all such information will be subject to the duty of confidentiality.
- 6.1.9 The Company expressly prohibits the use of any kind of information from other companies that could be classified as confidential. This prohibition will be binding on all "recipients", who may not take documents, files, software or any other IT device from third party companies to their new place of work.
- 6.1.10 The Company has established the following guidelines on relations with the mass media:
- a low profile must be kept at all times, so only prearranged interviews may be given to reputable media;
 - all relations with the mass media must be handled by the head of Marketing and only through that person;
 - all media statements must be approved by the Managing Director(s), and
 - employees must refrain from making public statements unless they have been authorized to do so in situations that warrant them.

The information set out in this article is binding, notwithstanding any individual agreement that the Company may have reached or may reach in the future with the "recipients".

3.2 Intellectual and industrial property

- 6.2.1 The Company is the owner and the holder of the rights of use and exploitation of its software and hardware, devices, manuals, videos, projects, studies, reports and all other works and rights created, developed, upgraded or used by its "recipients" in the course of their jobs or as a result of using the Company's IT facilities.
- 6.2.2 The "recipients" at the Company must respect the Company's intellectual and industrial property and the rights of use thereof with regard to the devices, know-how, licenses, patents, trademarks, brand names, industrial drawings and, in general, all other works developed or created by the Company, whether as a consequence of their job or that of third parties. Therefore, they may only be used in

the course of their duties at work and all materials on which they are held must be returned whenever required.

- 6.2.3 The Company's image, name and trademarks may only be used by the "recipients" to do their jobs properly.
- 6.2.4 The "recipients" must respect the industrial property rights of third parties that have been properly registered, and must likewise refrain from imitating or usurping their distinctive signs.
- 6.2.5 The Company likewise undertakes to respect the rights on intellectual and industrial property held by third parties from outside the Company, and to fully comply with internal regulations on this matter.

3.3 Use of the IT system and prohibition against causing damage to software, information and third party data

- 6.3.1 The use of IT equipment, systems and software that the Company makes available to the "recipients" so that they are able to do their jobs, including the possibility of accessing and working on the Internet, must fall in line with security and efficiency criteria, and under no circumstances may any use, action or computer function be enabled that is unlawful, or that goes against the Company's rules or instructions.
- 6.3.2 The "recipients" may not exploit, reproduce, replicate or assign the Company's IT systems and applications for purposes not related to work. Likewise, the "recipients" may not install or use the IT equipment, software or applications made available to them by the Company whose use is illegal or that could harm the image or interests of the Company, its clients or third parties.

3.4 Use and protection of assets

- 6.4.1 The Company undertakes to provide its "recipients" with all of the resources and media required for them to do their jobs properly, which includes intellectual property, installations, equipment and funding.
- 6.4.2 The "recipients" undertake to make responsible use of the resources and media made available to them, whose use must be reserved exclusively for business conducted on behalf of the Company. Thus, the "recipients" at the Company must endeavor to make efficient use of assets and services, refrain from using them for personal gain, or from taking advantage of their position in the Company to obtain material or personal benefits, or from seizing business opportunities that could cause damage or loss to the Company.
- 6.4.3 Do not use Company computers and equipment for outside businesses, or for illegal or unethical activities such as gambling, pornography or other offensive subject matter.
- 6.4.4 Theft of Company assets—whether physical theft such as unauthorized removal of Company product, equipment or information, or theft through embezzlement or intentional misreporting of time or expenses—may result in termination and criminal prosecution. The Company treats workplace theft of assets belonging to other employees the same way it treats theft of Company assets.
- 6.4.5 The use of Company assets outside of your Company responsibilities— such as using your Company work product in an outside venture, or using Company materials or equipment to support personal interests—requires prior written approval from the manager of the recipient.

4 Rules of conduct in the business environment

4.1 *Corporate image and reputation*

7.1.1 The Company projects its image through its companies that operate in the market. Given its importance and relevance in respect of third parties, the Company will closely monitor the use the "recipients" make of its image.

7.1.2 Likewise, all public appearances made by the "recipients" on behalf of the Company whether in the course of their jobs or in the exercise of their powers of representation will be monitored in order to preserve the corporate image and reputation it enjoys in the market. In this respect the "recipients" must be aware and comply to the mission of the Company:

"to provide the best sealing solutions for pumps, ships and tidal turbines".

and the core values of the Company:

EXPERTISE

Our expertise is our basis. The world of sealing is our world. We are driven by only one thing: delivering the best sealing solutions for pumps, ships and tidal turbines.

SOLUTIONS

To be able to do so it is essential that every step we take is a step forward. We think in solutions for every application and situation. Ships must sail, pumps must run. One should be able to rely on a good solution like one can rely on a good friend.

GOOD FRIEND

In our relationships with our clients and stakeholders the joint profit takes the highest priority, but we are not yes-men. Consider us a 'good friend'. This means that we focus on long term relationships, think in solutions, but also occasionally confront each other if we see chances for different solutions or room for improvement.

BETTER

And we believe things can always improve. That is why we continuously feed our innovation engine with ideas to be able to keep providing the best solutions for our clients and stakeholders. Now and in the future.

4.2 *Protection of competition*

7.2.1 The Company subscribes to the idea that true and fair competition is a fundamental feature of its business.

7.2.2 The Company and the "recipients" undertake to comply with the regulations on fair competition by refraining from any conduct that constitutes or could constitute the collusion, abuse or restriction of competition by operating fairly in markets, refraining from engaging in misleading advertising practices and desisting from conducting smear campaigns against third party competitors.

7.2.3 Any information about third parties, including information about competitors, may only be obtained in a legal and ethical manner.

7.2.4 It is not allowed to engage in any illegal or illicit activity to obtain competitive information. This may include theft, trespassing, eavesdropping, wiretapping, computer hacking, invasion of privacy, bribery, misrepresentation or searching through trash. It is also not allowed to accept, disclose or use competitive information that you know or have reason to believe was disclosed to you in breach of a confidentiality agreement between a third party and one of our competitors.

7.2.5 The Company has adopted Guidelines for Compliance with Competition Law which the recipient must comply to.

4.3 *Relations with clients*

7.3.1 The Company's relations with its clients will be governed by the guiding principles of delivering quality products and services, keeping all data processed in the strictest confidence, and ensuring that all contractual relationships entered into with them are transparent and legal.

7.3.2 The Company undertakes to deliver a quality of services and products in line with the legally established requirements and standards.

7.3.3 The Company will take every step to ensure that the data processed of its clients is kept in the strictest confidence, is not disclosed under any circumstances to third parties, unless clients give their consent to do so or if it is legally obliged to do so, or if it is required to do so by a court or administrative ruling. The collection, use and processing of clients' personal data must be done in such a way as to guarantee their right to privacy and in compliance with the laws on personal data protection. The "recipients" at the Company whose job means they must access clients' personal data must keep them in the strictest confidence and comply with the laws in force on personal data protection.

7.3.4 In their dealings with third parties, the "recipients" must act openly and transparently by ensuring that nothing they do could be interpreted as a way of deliberately deceiving clients.

7.3.5 It is strictly forbidden to interfere with or influence clients, suppliers or third parties in such a way that could skew their professional impartiality and objectivity. This obligation particularly affects the "recipients" who have to take decisions on subcontracting supplies and services, and those who set the financial conditions of operations with clients.

4.4 *Relations with suppliers*

7.4.1 The Company's relations with its suppliers are based on respect, trust and mutual benefit. Therefore, the Company is to put a selection process in place for suppliers based on objective, impartial and transparent criteria, thus avoiding any situation that gives rise to a conflict of interest or favoritism in their selection.

7.4.2 Furthermore, the Company has committed to processing all information received from suppliers in the strictest confidence, such as offers, prices, terms and conditions, all of which will be respected to the letter. As is the case of clients, all personal data will be treated as provided for by law.

7.4.3 The "recipients" at the company are responsible for ensuring that all information provided to suppliers is true and is not given with the intention of misleading them.

4.5 *Relations with public institutions and officers*

7.5.1 The Company will be governed by the principles of transparency and cooperation in all of its relations with the authorities, organizations and government agencies, such as in contract award procedures, public calls for tender and other similar processes in which they are directly involved or act as advisors.

7.5.2 The "recipients" must refrain from making contributions on behalf of the Company to public organizations, government agencies and institutions in general, unless they are authorized to do so

pursuant to the policy on grants, gifts and sponsorships. The recipient must obtain prior approval from the Managing Director before providing anything of value to a government official.

7.5.3 Furthermore, over the course of any relations the Company has with government agencies and public companies, none of the "recipients" at the company may offer, grant, request or accept, whether directly or indirectly, gifts or donations, favors or settlements, whether in cash or in kind, of whatever nature, from any public authority or officer, if such an action could influence or bind the Company in the decisions it takes.

4.6 *Gifts, meals or entertainment*

7.6.1 The "recipients" are not allowed to conduct themselves with the intention of influencing the decisions taken by people from outside the Company in order to obtain gain through unethical practices.

7.6.2 The recipients cannot accept gifts, meals or entertainment, or any other favor, from customers or suppliers if doing so might compromise, or appear to compromise, their ability to make objective business decisions in the best interest of the Company.

7.6.3 The recipients may not:

- accept gifts in exchange for doing, or promising to do, anything for a customer or supplier;
- ask for gifts from a customer or supplier;
- accept gifts of cash or cash equivalents, such as gift cards, and/or
- accept gifts of more than modest value. Examples of acceptable gifts include a logo pen or t-shirt, or a small gift basket at holiday time.

7.6.4 Exceptionally, gifts may be given or accepted provided all of the following conditions are fulfilled in any given circumstance:

- the gift is of an irrelevant (maximum of € 25,00) or symbolic financial value (such as trophies and statues that are inscribed in recognition of a business relationship);
- the gift is a sign of courtesy or a token of appreciation that is usual in business relations and/or
- the gift is not prohibited by law or generally accepted business practices.

7.6.5 The recipients may not accept meals or entertainment in exchange for doing, or promising to do, anything for a customer or supplier. The recipients may also not ask for meals or entertainment from a customer or supplier. The recipient may accept occasional meals and entertainment from customers and suppliers if the event is attended by the customer or supplier, and the costs involved are in line with local custom for business-related meals and entertainment.

7.6.6 In case the recipient is invited by a client or supplier to an event involving out-of-town travel or overnight stay, or to a premium event such as the Olympics or World Cup, consult the head of HR to determine if there is adequate business rationale for attendance. If there is, the Company should pay for your travel and attendance at the event.

7.6.7 The Company and its "recipients" are likewise forbidden from receiving, giving, promising or offering any class of payment, commission, gift or remuneration to any employee, manager or director from another company for the purposes of obtaining gain for the Company, individual "recipients" or third parties. Specifically, they may not receive any kind of bribe or commission from another party involved in a deal, such as foreign public officers, employees from other companies, political parties, clients, suppliers or shareholders. Acts of bribery that are specifically forbidden include offering or promising, whether directly or indirectly, any kind of unfair advantage, any instrument to cover it up and influence peddling.

7.6.8 If there is any doubt whatsoever on what is acceptable, an offer should be declined or, if necessary, advice sought from an immediate superior or the head of HR, as appropriate.

4.7 *Handling of financial information*

7.7.1 The transparency of information is a basic principle that should govern the way all "recipients" at the Company conduct themselves. The Company's financial information, particularly the annual statements, must be a true reflection of its finances, assets and equity, in line with generally accepted accounting principles and any international rules on financial reporting, if applicable. For such purposes, none of the "recipients" may withhold or alter the information on the Company's accounting books and reports, which must be complete, accurate, true, timely and understandable.

7.7.2 The lack of honesty in reporting financial information contravenes this Code. Handing in incorrect information, organizing it wrongly or attempting to confuse its recipients is also considered a lack of honesty.

7.7.3 Depending on their functions and duties, the "recipients" are responsible for ensuring that events related to the way the Company is managed are reported in the accounts to give a fair and true view of it. Each transaction reported must be made using the proper documentation, which it must be possible to check. The most useful principles in accounting and management are accuracy, integrity and transparency, in full compliance with the regulations in force. Any omissions must be amended, whilst any potential falsehoods will be pursued in line with the regulations in force.

IMPLEMENTATION OF THE CODE

8. Approval and dissemination

8.1 The Code has been approved by the Company's Board of Directors.

8.2 The Company must make sure that this Code is handed over to all of its "recipients". The "recipients" are individually responsible for ensuring its compliance and that it is observed by all the stakeholders that deal with the Company. The heads of each department and unit must ensure the Code is complied with in their areas of responsibility.

8.3 This Code will be sent to all of the Company's "recipients" and whenever possible it will remain posted on the intranet. The head HR has all of the means necessary to ensure it is effectively disseminated so that any new employees who join the Company will be provided with a copy of it.

9. Acceptance and compliance with the Code

9.1 *Acceptance*

All of the "recipients" at the Company are obliged to comply with the Code throughout the time they work for it from the time they are hired. They must provide a written record that they have accepted it and will comply with it in doing their jobs by abiding by the values, principles and standards of conduct contained in it.

9.2 *Compliance*

9.2.1 A breach of the Code will compromise the Company's corporate reputation and image. Therefore, all "recipients" must report any conduct that contravenes or could contravene it to the head HR and the director(s).

- 9.2.2 The "recipients" must report any breach of the Code, as well as any potential signs of fraud. Anyone who is informed of a reasonable suspicion of fraud or a breach of the principles set out in this document must report it to the head of HR and the director(s) so that steps can be taken to investigate the matter.
- 9.2.3 The channels for reporting breaches to the head of HR are either your immediate superior or line manager, who must proceed to process all such reports, or the communication channels that the Company has made available to its "recipients".
- 9.2.4 In order to be able to start an investigation, reports must at least include enough information to identify where, when and in which group of employees the actions that gave rise to the report are taking place.
- 9.2.5 The information received in reports, any breaches encountered and the identity of the informant will be treated in strict confidence. Reports will only be disclosed outside of the established channel when strictly necessary (e.g. a court summons) but in any event all safeguards will be put in place to maintain confidentiality.
- 9.2.6 Moreover, line managers and the head of HR must not disclose the identity of anyone who has reported a breach and ensure that it never gives rise to reprisals.

9.3 Disciplinary measures

- 9.3.1 If one of the Company's "recipients" has engaged in activities that contravene this Code, disciplinary measures will be imposed in line with the misconduct and penalty scheme that applies to the Company and to the collective bargaining agreement to which the "recipient" is subject, in addition to the labor laws in force.
- 9.3.2 Violations of a serious nature may result in suspension without pay; loss or reduction of merit increase, bonus or termination of employment. When an employee is found to have violated the Code, notation of the final decision, and a copy of any letter of reprimand, will be placed in the employee's personnel file as part of the employee's permanent record.