

Regulation on conduct in business relationships

Preamble

The integrity and good reputation of a company are crucial competitive advantages. As a corporate group operating on a global scale, the Rieter Group (hereinafter referred to as Rieter) not only complies with the relevant local laws and regulations, it also cultivates business relationships with all its partners which are based on the principle of trust and honesty.

1. Application

This Regulation on conduct in business relationships hereinafter called Code applies to all officers and employees of companies under the management control of Rieter. Consultants, agents or subcontractors shall be encouraged to respect the Code in a suitable way while doing business with Rieter.

2. Compliance with law

Rieter adheres to the principle of good corporate citizenship. All officers and employees of Rieter must comply with the local laws of the various countries in which Rieter does business.

3. Employees

Rieter respects the human rights of its employees and provides its employees with good and safe conditions of work. Rieter does not tolerate any discrimination based on race, sex, religion or membership in unions or political parties.

4. Health, Safety and Environment

Rieter is dedicated to a sustainable development and takes all necessary actions to protect the environment within its sphere of influence. Consistent with this commitment the Rieter companies have a comprehensive approach to health, safety and environmental management in order to achieve continuous performance improvement in this field.

5. Business integrity

All officers and employees of Rieter must refrain from actions which could be harmful to the confidence of our business partners and the public vis-à-vis Rieter. In particular, corrupt and immoral actions are prohibited. Officers and Employees shall not authorize or make any bribe to an official of a government or to any third party for the purpose of obtaining, retaining or dissecting business or securing improper advantage.

With respect to donations to third parties reference is made to the relevant Group Directive "Contributions".

6. Acceptance of Gifts

Rieter officers and employees may not accept gifts or favours from suppliers, customers or other business partners. This excludes items of little value (less than 150 CHF or the equivalent in local currencies adjusted to the purchase power parity) or invitations to regular business events. Attendance of events lasting more than one day or requiring intensive travelling at the invitation of the customer must be approved by the superior.

7. Conflict of interests

Rieter officers and employees shall avoid situations which can lead to conflict between personal interest and the interest of Rieter.

Rieter officers and employees with interests in companies with which the Rieter Companies maintain business relations must disclose their financial or other interest. All financial interests must be disclosed to the superior and the Group Secretary, with the exception of companies listed on the Stock Exchange. Other interests which must be disclosed include all appointments, such as membership of board of directors, advisory boards, etc. and all consultancy contracts. This disclosure requirement also applies to related family members, such as spouses, parents, children, brothers and sisters and their spouses.

8. Implementation and Controlling

This Code must be observed by all officers and employees of Rieter. It is an integral component of the contract of employment and must be handed out to new officers and employees when they commence their employment. Officers and employees who violate the Code are subject to disciplinary measures according to the local company rules, including the possibility to terminate the employment contract.

Queries or the discovery that these principles are being violated must be addressed to the Chairman of the Audit Committee, c/o Rieter Holding Ltd., Schlosstalstrasse 43, CH-8406 Winterthur (see www.rieter.com). Employees asking questions or addressing violations of the Code shall not be subject to discrimination by their superiors.

Winterthur, September 11th, 2006

Rieter Holding Ltd.

Kurt Feller
Chairman of the Board

Thomas Anwander
Group Secretary