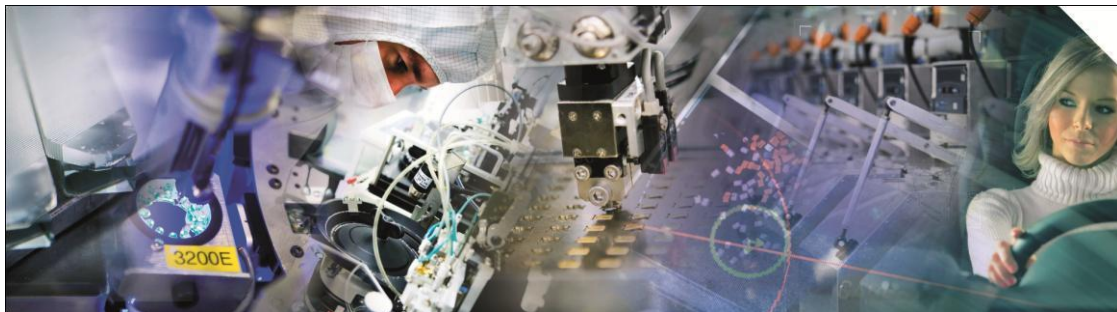


# Business Code of Conduct



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## Introduction

Rakon Limited and its wholly owned subsidiaries (**Rakon**) is committed to conducting its business in accordance with all applicable laws and regulations of the countries in which it operates and to acting in accordance with the highest standards of business conduct and ethics. Rakon is committed to a policy of corporate responsibility which includes respect for universally recognised standards for the environment, human rights, labour and ethics.

Rakon regards this Business Code of Conduct (**Code**) as a total supply chain initiative and compliance with this Code is a mandatory requirement placed on all suppliers (**Participants**)

This Code is modelled on and contains language from the Electronic Industry Code of Conduct, recognised standards including the Universal Declaration of Human Rights. Standards issued by organisations such as the International Labour Organisation (ILO) and Ethical Trading Initiative (ETI) were also used as references when preparing this Code and may be useful sources of additional information. Other sources include the Rakon Board Charter and Financial Product Trading Policy and information gathered as part of the ISO9001 and ISO14001 certification processes in manufacturing sites. As an extension of the Code, Rakon maintains a series of detailed standards and policies that clarify our expectation for compliance.

The Code comprises six sections: Sections A and B outline standards of Governance and Business Ethics respectively. Section C and D outline key requirements for Health and Safety and the Environment. Section E outlines standards applicable to Labour and Security and Section F outlines the elements of the Management System which facilitates conformity to this Code.

## A. Governance

The Rakon Board of Directors (**Board**) will exercise and discharge its powers and responsibilities adopting principles of good corporate governance and practices that accord with best practice and the applicable laws in the jurisdictions in which Rakon operates. Rakon is listed on the NZ Stock Exchange (NZX) and accordingly is obliged, among other things, to make full disclosure of certain matters including material information as required by the NZX Listing Rules.

### A.1 Board Responsibilities

The Board has ultimate responsibility for the strategic direction and oversight of the management of Rakon for the benefit of its shareholders. Specifically, the responsibilities of the Board include:

- providing strategic direction for, and approving, the Company's business strategies and objectives;
- reviewing and approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditure, acquisitions or divestitures;
- providing leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
- identifying the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- monitoring the operational and financial position and performance of the Company;
- requiring that financial and other reporting mechanisms are put in place by the Managing Director which result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- appointing and, where appropriate, removing the Managing Director, approving other key executive appointments, planning for executive succession and monitoring the performance of the Managing Director and other senior executives having regard to the Company's strategic direction and goals;
- reviewing and approving the Company's remuneration policies;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- governance and oversight of the Company's health and safety framework to ensure appropriate policies and procedures are in place to enable an effective health and safety culture, setting clear expectations regarding the Company's health and safety management system and ensuring sufficient resources are provided to support the system; monitoring the effectiveness and ongoing improvements to the Company's health and safety management system and conducting an annual review of the Company's health and safety system to determine it is appropriate and effective;

- approving and regularly reviewing the Company's internal decision making and compliance policies and procedures, including any codes of conduct, the Board Charter and the charters of the Board's Committees; and
- ensuring that the Company's internal decision making and compliance policies and procedures are adhered to, to ensure that the business of the Company is conducted in an open and ethical manner.

Directors are expected to exercise a high standard of commercial and ethical judgement.

In doing so, Directors are entitled to rely on the advice of Rakon's management team and its external advisers and auditors, but must not substitute reliance for Directors' own due consideration of the issues presented for review and approval.

Directors have the right, with the approval of the Chair of the Board, or by resolution of the Board, to seek independent legal or financial advice at the expense of Rakon for the proper performance of their duties.

## **A. 2 Board Membership, Independence and Structure**

The Board may comprise up to ten directors and no less than three directors. At least two Directors (or one-third if there are eight or more Directors) are to be independent. At least two Directors must be ordinarily resident in New Zealand. A majority of Directors will be non-executive Directors. A Director is regarded as independent only if he or she does not have any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decisions in relation to the Company.

Under the Constitution, the independent Chair holds a casting vote at Board meetings.

The membership of the Board is determined so that as a collective group it has the skill, knowledge, experience and diversity to meet and discharge its responsibilities. In determining the membership of the Board, the Board has regard to the needs of the Company at the time and whether candidates for directorships demonstrate the appropriate qualities and experience for the role of Director.

Directors appointed by the Board must retire and be elected by shareholders at the first annual meeting after their appointment.

All Directors, including any managing Director or executive directors are required to retire by rotation and if eligible stand for re-election at the third annual meeting or three years after their last election whichever is longer.

## **A. 3 Delegation of Responsibilities to Committees and Management**

### **Delegation to Committees**

The Board may from time to time establish committees to assist it in carrying out its responsibilities. For each committee the Board shall adopt a formal charter that sets out the delegated functions and responsibilities of each committee, and composition of and any administrative matters relating to each committee.

The Board currently has the following committees:

- Audit and Risk Committee ensuring oversight by the Board of all matters relating to financial accounting and reporting of Rakon and internal controls, compliance and risk management.
- People Committee ensuring oversight by the Board of human resources, remuneration and director nomination matters.

The Board Charter and the Charters of the Audit and Risk Committee and the People Committee formalise and set out the manner in which the Board's powers and responsibilities are to be exercised and discharged, adopting principles of good corporate governance and practice that accord with best practice and the applicable laws in the jurisdictions in which the Company operates.

### **Delegation of responsibilities to management**

The Board delegates management of the day-to-day affairs and management responsibilities of the Company to the executive teams under the leadership of the Managing Director to deliver the strategic direction and goals determined by the Board. This delegation includes:

- operating the Company's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- developing business plans, budgets and company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- identifying and managing business risks, and if those risks could materially affect the Company or its business, formulating strategies to manage those risks;
- managing the Company's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
- implementing the Company's internal controls, policies, procedures and systems and monitoring these controls, policies, procedures and systems and ensuring that they are appropriate and effective.

## B. Ethics

To meet social responsibilities and to achieve success in the marketplace, Rakon and its agents are required to uphold the highest standards of ethics.

The ethical standards which Rakon follows and expects Participants to follow are:

### B. 1 Business Integrity

Rakon is committed to ensuring that it acts with integrity in all activities, including the interaction with customers, clients and suppliers. Any, and all, forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes) is strictly prohibited resulting in immediate termination and legal action. All business dealings will be performed transparently and reflected accurately in Rakon's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

### B. 2 No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorised, given or accepted. This prohibition covers promising, offering, authorising, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. A policy is in place to ensure that Rakon Directors and employees are aware of and meet their obligations in relation to share trading to prevent improper advantage and insider trading.

### B. 3 Gifts

Directors and employees will not accept gifts or personal benefits of any value from external parties if doing so could or could be perceived to materially compromise or influence any decision of the company.

### B. 4 Disclosure of Information

Information regarding labour, health and safety and environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable laws, regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable to Rakon.

### B. 5 Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights; and customer information is to be safeguarded.

### B. 6 Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Rakon requires compliance with all laws in relation to fair business, advertising and competition. Appropriate means to safeguard customer information should be available. Rakon enters into confidentiality obligations and undertakes to protect third parties' information from unlawful disclosure.

### B. 8 Conflict of Interest

Individuals should not put themselves in a position that their interests interfere, or appear to interfere with Rakon's interest. The company expects its people to act in its interests at all times.

### B. 9 Community Engagement

Community engagement is encouraged to help foster social and economic development.



### **B. 10 Responsible Sourcing of Materials**

Rakon will use reasonable endeavours to ensure that the materials sourced for products it manufactures do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Rakon shall exercise due diligence on the source and chain of custody of materials and make these measures available to customers upon request.

### **B. 11 Privacy**

Rakon is committed to protecting the reasonable privacy expectations of personal information of everyone it does business with, including suppliers, customers, consumers and employees. Rakon complies with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted and shared.

### **B. 12 Protection of Identity and Non-Retaliation**

Programmes that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers are to be maintained, unless prohibited by law. There should be a communicated process for personnel to be able to raise any concerns without fear of retaliation.

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## C. Health and Safety

Rakon recognises that the quality of products and services, consistency of production and employees' morale are enhanced by a safe and healthy work environment. Rakon also recognises that ongoing employee input and education is the key to identifying and solving health and safety issues in the workplace.

The health and safety standards which Rakon follows and expects Participants to follow are:

### C. 1 Occupational Safety

Employee exposure to potential safety hazards (e.g. electrical and other energy sources, fire, vehicle, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, employees are to be provided with appropriate well maintained personal protective equipment and educational materials about risks to them associated with these hazards. Employees shall not be disciplined for raising safety concerns and shall have the right to refuse unsafe working conditions without fear of reprisal until management adequately addresses their concerns.

### C. 2 Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, employee training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

### C. 3 Occupational Injury and Illness

Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to: a) encourage employee incident reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and d) facilitate return of employees to work.

### C. 4 Industrial Hygiene

The risk of employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, employees are to be provided with appropriate personal protective equipment.

### C. 5 Physically Demanding Work

The risk of employee exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

### C. 6 Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees.

### C. 7 Sanitation and Food

Employees are to be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage and eating facilities.

### **C. 8 Health and Safety Communication**

Employees shall be provided with appropriate workplace health and safety training in their primary language. Health and safety related information shall be clearly posted in the facility.

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## D. Environmental

Rakon recognises that environmental responsibility is integral to producing world-class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimised while safeguarding the health and safety of the public. Recognised management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be useful sources of additional information.

The environmental standards which Rakon follows and expects Participants to follow are:

### D. 1 Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

### D. 2 Legal and other Requirements

Acting as a responsible company citizen and maintaining compliance with any applicable laws and regulations relating to the protection of the environment and the welfare of its employees. Rakon is focused on meeting its customers' expectations and reserves the right to adhere to requirements or standards which exceed those of any applicable laws and regulations.

### D. 3 Pollution Prevention and Resource Reduction

The use of resources and generation of waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

### D. 4 Wastewater and Solid Waste

A systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous) shall be implemented. Wastewater generated from operations, industrial processes and sanitation facilities are to be characterised, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. Routine monitoring of the performance of wastewater treatment systems shall be conducted.

### D. 5 Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by products generated from operations are to be characterised, routinely monitored, controlled and treated as required prior to discharge or disposal.

### D. 6 Materials Restrictions

Compliance is required with all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal.

### D. 7 Storm Water Management

A systematic approach to prevention contamination of storm water runoff shall be implemented and illegal discharges and spills shall be prevented from entering storm drains.

### D. 8 Energy Consumption and Greenhouse Gas Emissions

Energy consumption and greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level and there shall be investigation of cost-effective methods to improve energy efficiency and to minimise energy consumption and greenhouse gas emissions.

## D. 9 Products and Technology

The creation of environmentally friendly products and technologies through design and development processes is encouraged. Rakon adheres to all applicable laws and regulations regarding prohibition or restriction of specific substances including labelling laws and regulations for recycling and disposal. Rakon also endeavours to comply with each agreed-upon customer-specific restricted and hazardous materials list.

## D. 10 Hazardous Substances

Chemicals and other materials posing a hazard if released in the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

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## E. Labour

Rakon is committed to upholding the human rights of employees, and to treating them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.

The labour standards which Rakon follows and expects Participants to follow are:

### E. 1 Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labour; involuntary prison labour; slavery or trafficking of persons is not to be used. This includes transporting, harbouring, recruiting, transferring or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. All work must be voluntary, and employees should be free to leave work at any time or terminate their employment. Employees shall not be required to hand over government-issued identification, passports or work permits as a condition of employment, however employees will be required to show proof of eligibility to work in the applicable country.

### E. 2 Child Labour

Child labour is not to be used in any stage of manufacturing. The term “child” refers to any person under the age of 16, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programmes, which comply with all laws and regulations, is supported. Employees under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.

### E. 3 Working Hours

Employees shall be granted reasonable daily and weekly work schedules. Employees shall be allowed at least one day off per seven-day week and also be given annual leave entitlements that meet the minimum legal requirements applicable to each country. Working weeks are not to exceed the maximum set by the relevant legislation applicable to each country except in emergency or unusual situations.

### E. 4 Wages and Benefits

Compensation paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which employees are being paid is to be provided in a timely manner via pay slip or similar documentation. All use of temporary, dispatch and outsourced labour will be within the limits of the law.

### E. 5 Humane Treatment

There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees: nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to employees.

### E. 6 Non Discrimination and Equal Opportunities

Rakon recognises and respects cultural differences and believes that employees should be engaged on the basis of their ability to do the job as opposed to employment on the basis of personal characteristics or beliefs. Rakon is committed to a workforce free of harassment and unlawful discrimination. Rakon will not engage in discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, employees or potential employees should not be subjected to medical tests that could be used in a discriminatory way.

## E . 7 Freedom of Association

Open communication and direct engagement between employees and management are the most effective ways to resolve workplace issues. Rakon respects the rights of employees to associate freely, join or not join unions, seek representation and bargain collectively in accordance with local laws. Employees shall be able to openly communicate and share grievances with management regarding working conditions without fear of reprisal, intimidation or harassment.

## E . 8 Security

Security and the protection of property, employees, visitors, systems and processes is of significant importance to the company and every reasonable endeavour is made to protect against threats that could potentially disrupt business continuity and endanger employees.

### E.8.1 Physical Access Controls

Access controls prevent unauthorised entry to facilities, maintain control of employees and visitors, and protect company assets. Access controls are in place across all sites and include the positive identification of all employees, visitors, and vendors at all points of entry.

#### ***Employees***

Employees are given access only to those secure areas needed for the performance of their duties. Senior Management or Human Resources personnel control and document the procedures, issuance and removal of employee, visitor and vendor access cards.

#### ***Visitors***

Visitors are required to sign a register upon arrival and are issued with a Visitor's Pass. All visitors should be escorted where needed and should visibly display the temporary pass.

#### ***Deliveries (including mail)***

Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Arriving packages and mail are screened periodically before being disseminated.

### E.8.2 Personnel Security

Processes are in place to screen prospective employees. Some of these processes are detailed below:

#### ***Employment Verification***

Application information, such as employment history and references are verified to confirm employment.

#### ***Background Checks / Investigations***

Background checks and investigations are conducted for prospective employees depending on the employee's position. Once employed, periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.

#### ***Personnel Termination Procedures***

Rakon has a procedure in place as part of its Exit Process to remove identification, facility, and system access for terminated employees.

### E.8.3 Procedural Security

Security measures are in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.

#### **Documentation Processing**

Procedures are in place to ensure that all information used in the clearing of merchandise/cargo, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Documentation control includes safeguarding computer access and information.

#### **Manifesting Procedures**

To help ensure the integrity of cargo, procedures are in place to ensure that information received from business partners is reported accurately and in a timely manner.

#### **Shipping and Receiving**

Departing cargo being shipped is reconciled against information on the cargo manifest. The cargo is accurately described, and the weights, labels, marks and piece count indicated and verified. Departing cargo is verified against purchase or delivery orders. Drivers delivering or receiving cargo must be positively identified before cargo is received or released. Drivers are required to sign for the cargo. Procedures are established to track the timely movement of incoming and outgoing goods.

#### **Cargo Discrepancies**

All shortages, overages, and other significant discrepancies or anomalies are to be resolved and/or investigated appropriately. Customs and/or other appropriate law enforcement agencies are to be notified if anomalies, illegal or suspicious activities are detected, as appropriate.

### E.8.4 Physical Security

#### **Lighting**

Adequate lighting is provided inside and outside the buildings, including the following areas: entrances and exits, cargo handling, storage areas and parking areas.

#### **Alarms Systems**

Alarm systems are utilised to monitor premises and prevent unauthorised access to all buildings. All buildings can only be accessed by Access Cards.

### E.8.5 Information Security

#### **Password Protection**

Automated systems are in place which use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards are in place and are provided to employees in the form of training.

#### **Accountability**

Systems are in place to ensure the proper use of information and to identify if and where processes are abused. All system violators are subject to appropriate disciplinary procedures for abuse.



## F. Management System

Rakon operates a management system the scope of which relates to the content of this Code. The management system is designed to ensure compliance with applicable laws, regulations and customer requirements related to operations and products; conformance with this Code; and identification and mitigation of operational risks related to this Code. It also facilitates continuous improvement of the management system.

The elements of the management system which Rakon follows and expects Participants will follow include:

### F. 1 Company Commitment

Corporate social and environmental responsibility statements affirming commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language

### F. 2 Management Accountability and Responsibility

Clearly identified senior executive and company representatives responsible for ensuring implementation of the management systems and associated programmes and periodic review of the status of the management systems. Senior Management reviews the status of the management systems on a regular basis.

### F. 3 Legal and Customer Requirements

Process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

### F. 4 Customer and Supplier Relations

Commitment to ensuring that the company acts with integrity in all activities, including the interaction with customers, clients and suppliers. The company will compete vigorously in all the markets in which it participates, but will, at all times, act in compliance with the law.

### F. 5 Risk Assessment and Risk Management

Process to identify the legal compliance, environmental, health and safety and labour practice and ethics risks associated with Rakon's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.

### F. 6 Improvement Objectives

Written standards, performance objectives, targets and implementation plans to improve the company's social and environmental performance, including a periodic assessment of the company's performance against those objectives.

### F. 7 Training

Programmes for training managers and employees to implement company policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### F. 8 Communication

Process for communicating clear and accurate information about company performance, practices and expectations to employees, suppliers and customers.

### F. 9 Employee Feedback and Participation

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

### F. 10 Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

### **F. 11 Corrective Action Process**

A process for timely correction of deficiencies identified by internal or external audits, assessments, inspections, investigations and reviews.

### **F. 12 Documentation and Records**

Creation of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

### **F. 13 Supplier Responsibility**

A process to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.

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