

**RAPPA GROUP**

**CODE OF ETHICS**  
**(CONDUCT)**

**24 APRIL 2008**

## PURPOSE

- I. This policy is to provide a code of ethics on various issues and situations employees may encounter in the course of their work on issues which are of importance to the Company.
- II. All employees are expected to comply with the provisions of the code of ethics at all times.
- III. The primary responsibility, for ensuring employee compliance and for corrective action in the event of employee's non-compliance in accordance with the provision of the disciplinary procedures, rests with the Managing Director.

## PROCEDURES

### I. CODE OF ETHICS

#### ***1.1 COMPLIANCE WITH LAWS AND REGULATIONS***

Employees must comply with all applicable laws and regulations, which relate to their activities for and on behalf of the Company. The Company will not condone any violation of the law or unethical business dealing by any employee.

Employees must ensure that their conduct cannot be interpreted as being in any way in contravention of applicable laws and regulations governing the operations of the Company. Employees should bear in mind that the perception of their actions by others is important, and should act accordingly.

#### ***1.2 CONFLICT OF INTEREST***

The Company expects employees to perform their duties conscientiously, honestly and in accordance with the best interest of the Company.

Employees must not use their positions, or knowledge gained through their employment with the Company, for private or personal advantage or in such a manner that a conflict or an appearance of conflict arises between the Company's interest and their personal interests. For example, a conflict could arise where an employee, a member of an employee's family, or a business with which the employee or family is associated obtains some gain, advantage or profit by virtue of the employee's position with the Company or knowledge gained through that position.

If employees feel that a course of action which they have pursued, are pursuing or are contemplating pursuing, may involve them in a conflict of interest situation or a perceived conflict of interest situation, they should immediately make all the facts known to the Managing Director of the Company.

#### ***1.3 OUTSIDE ACTIVITIES, EMPLOYMENT AND DIRECTORSHIPS***

All people share a very real responsibility to contribute to their local communities, and the Company encourages employees to participate in religious, charitable, educational and civic activities.

Employees should however, avoid acquiring any business interest or participating in any activity outside the Company which would create, or appear to create:-

- (a) an excessive demand upon their time, attention and energy which would deprive the Company of their best efforts on the job; or
- (b) a conflict of interest – that is, an obligation, interest or distraction which would interfere or appear to interfere with the independent exercise of judgement in the Company's interest.

Employees may not take up extra outside employment without the prior approval of the Managing Director.

Employees who hold, or have been invited to hold, outside directorships should take particular care to ensure compliance with all provisions of the Code. When outside business directorships are being considered, prior approval must be obtained from the relevant Managing Director.

#### **1.4 RELATIONSHIP WITH CLIENTS, CUSTOMERS AND SUPPLIERS**

The Company recognises that relationships with clients, customers and suppliers give rise to many potential situations where conflict of interest, real or perceived, may arise.

Employees should ensure that they are independent, and are seen to be independent, from any business organisation having a contractual relationship with the Company or providing goods or services to the Company, if such a relationship might influence or create the impression of influencing their decisions in the performance of their duties on behalf of the Company. In such circumstances, employees should not invest in, nor acquire a financial interest, directly or indirectly, in such an organisation.

#### **1.5 RELATIONSHIPS IN THE WORKPLACE**

The company due to the nature of its business has adopted the following relationship policy:

- a) The company will not employ any direct or indirect family member of an employee, unless agreed to by the Managing Director.
- b) In the event of a relationship developing at the workplace between two employees to the extent that they become married or engaged, the company reserves the right to give one or both parties notice of termination of service, if in the opinion of the Company, such a relationship will negatively affect the performance of the employees or that of the Company.
- c) If, in the opinion of the Company, a relationship between two employees has developed to a stage that it is affecting the work performance of the employees concerned or that the interest of the Company has been adversely affected or it negatively affects the work

relationship with other employees of the Company, the Company may terminate the employment contracts of one or both the employees involved in the relationship.

## **1.6 GIFTS, HOSPITALITY AND FAVOURS**

Conflicts of interest can arise where employees are offered gifts, hospitality or other favours which might, or could be perceived to, influence their judgement in relation to business transactions such as placing of orders and contracts.

An employee should not accept gifts, hospitality or other favours from customers or suppliers of goods or services. However, acceptance of the following would not be considered contrary to such policy:-

- (a) Advertising matter of limited commercial value;
- (b) Occasional business entertaining such as lunches, cocktail parties or dinners; and
- (c) Occasional personal hospitality such as tickets to local sporting events or theatres, provided that the cost of any accommodation is borne by the recipient.

In addition, no personal favours or other preferential treatment should be accepted by any employees when they are offered because of the employee's position with the Company, and, therefore, might tend to place the recipient under obligation.

## **1.7 PERSONAL INVESTMENTS**

The Company respects the right of all employees to make personal investment decisions as they see fit, as long as these decisions do not contravene the conflict of interest provisions of this Code, any applicable legislation, or any policies or procedures of the various operating areas of the Company, and provided that these decisions are made on the basis of material non-public information acquired by reason of any employee's connection with the Company. Employees should not permit their personal investment transactions to have priority over transactions of the Company.

## **1.8 REMUNERATION**

The Company remunerates employees based upon their formal remuneration scales and rates for salaries, wages, fringe benefits, and other regular remuneration. No employee may receive commissions or other remuneration related to the scale of any product of the Company, except as specifically provided under an individual's terms of employment.

Employees may not receive any money or thing of value (other than the Company's regular remuneration or other incentives), either directly or indirectly, for negotiating, procuring, recommending or aiding in any transaction made by or on behalf of the Company, nor have any direct or indirect financial interest in such transaction.

## **1.9 EMPLOYMENT EQUITY**

The Company's employment equity is a system of opportunity for all. Employment equity seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise and hard work and loyalty in their job. On this basis it emphasises opportunity for all, rather than preference for some.

The group strongly rejects the notion of "window dressing" or tokenism (puppet appointments) and believes it is in the best interests of the business, the individual employees and their peers to know that employment in the Group is on the basis of merit, rather than simply an individual's race or other criteria unrelated to their capacity to do the job.

All employees have the right to work in an environment which is free from any form of harassment or unlawful discrimination with respect to race, colour, sex, sexual orientation, place of origin, citizenship, creed, political persuasion, age, marital or family status or disability. An employee should report any cases of actual suspected discrimination or harassment as set out in the Contravention of the Code section of this procedure.

Employees with illness or disabilities may continue to work, provided that they are able to continue to perform satisfactorily the essential duties of their jobs and do not present a safety or health hazard to themselves or others.

## **1.10 ENVIRONMENTAL RESPONSIBILITY**

### **1.10.1 HEALTH AND SAFETY**

The Company is committed to taking every reasonable precaution to ensure a safe work environment for all employees.

Employees who become aware of circumstances relating to the Company's operations or activities which pose a real or potential health or safety risk should report the matter as set out in the Contravention of the Code section of this procedure.

### **1.10.2 USE OF RESOURCES**

The Company is committed to conserving resources used in its business operations. All employees should use their best efforts to make efficient use of resources and to reduce the use of, re-use, and recycle supplies and materials wherever practical and cost effective.

### **1.10.3 ENVIRONMENTAL MANAGEMENT**

The Company is committed to developing operating policies to address the environmental impact of its business activities by integrating pollution control, waste management and rehabilitation activities into operating procedures. Employees should give appropriate and timely attention to environmental issues.

### **1.11 POLITICAL SUPPORT**

The Company encourages the personal participation of its employees in the political process and respects their right to absolute privacy with regard to personal political activity. The Company will not attempt to influence any such activity provided there is no disruption to work place activities and it does not contribute to industrial unrest.

Company funds, goods or services, however, must not be used as contributions to political parties or their candidates, and Company facilities must not be made available to candidates or campaigns, unless specifically authorised.

### **1.12 GROUP FUNDS AND PROPERTY**

The Company has developed a number of internal controls to safeguard its assets and impose strict standards to prevent fraud and dishonesty. All employees who have access to the Company's funds in any form must at all times follow prescribed procedures for recording, handling and protecting such funds.

Employees must at all times, ensure that the Company's funds and property are used only for legitimate Company business purposes. Where an employee's position requires Company funds to be spent, it is the individual's responsibility to use good judgement on the Company's behalf and to ensure that appropriate value is received by the Company for such expenditure.

If employees become aware of any evidence that the Company's funds or property may have been used in a fraudulent or improper manner, they should immediately and confidentially advise the Company as set out in the Contravention of the Code of this procedure.

### **1.13 COMPANY RECORDS**

Accurate and reliable records of any kind are necessary to meet the Company's legal and financial obligations and to manage affairs of the Company.

The Company's books and records should reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permissible, and the employees responsible for accounting and record-keeping functions are expected to practice due diligence in enforcing proper practices.

### **1.14 DEALING WITH OUTSIDE PERSONS AND ORGANISATIONS**

The Company strives to achieve complete, accurate and timely communications with all parties with whom it conducts business, as well as government authorities and the public. In addition, prompt internal communication is encouraged.

A prompt, courteous and accurate response should be made to all reasonable requests for information and other client communications. Any complaints should be dealt with in accordance with internal procedures established by various operating units of the Company and applicable laws.

In addition to everyday communications with outside persons and organisations, the Company will, on occasion, be asked to express its views to the media on certain issues. Employees approached by the media should immediately refer them to the Managing Director.

As a general rule, executive management of the Company will deal with the Company's position on public policy, industry issues or financial issues.

Employees should separate their personal roles from the Company's position when communicating on matters not involving Company business. They should be especially careful to ensure that they are not identified with the Company when pursuing personal or political activities, unless this identification has been specifically authorised in advance by the Company.

### **1.15 PRIVACY AND CONFIDENTIALITY**

In the regular course of business, the Company and its operations accumulate a considerable amount of information. The following principles are to be observed:-

- (a) Only such information as is necessary to The Company's business should be collected, used and retained. When personal information is needed, wherever possible it should be obtained directly from the person concerned. Only reputable and reliable sources should be used to supplement this information.

Information should only be retained as long as it is needed or as required by law and such information should be physically secured and protected.

- (b) Information in respect to any confidential product, plan or business transaction of the Company and its operating units, or personal information regarding employees, including their salaries, must not be disclosed by any employee unless and until proper authorisation for such disclosure has been obtained.

### **1.16 CORPORATE GOVERNANCE**

The Board subscribes to the values of and accepts the inclusive approach to good corporate governance espoused in the King Report.

The company is committed to:-

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- carrying on of business through fair commercial competitive practices.

- removing discrimination and the promotion of employees to realize their potential through training and development of their skills; and
- being proactive toward environmental and social issues.

### **I.17 CONTRAVENTION OF THE CODE**

The Company regards any contravention of the Code as a serious matter. At the same time, any suspected or alleged contravention under investigation must be treated with utmost confidentiality.

If employees believe their own actions have, or may have, contravened the Code, they should either advise the person at management level responsible for Human Resources or the Managing Director of the Company.

If employees suspect that another employee of the Company has committed a contravention of the Code, they should promptly and confidentially report this, preferably in writing, to the Company. They should either advise the person to whom they report or one of the management level persons referred to above. They must not confront the individual concerned. By following this process, confidentiality will be maintained and the matter will be investigated impartially.

As contravention of the Code is a serious matter, it may result in disciplinary action, including the termination of employment. Certain breaches of the Code could also result in civil or criminal proceedings.