

In accordance with The Labour Law and in accordance with the responsibility of the employer of the company Polycom Škofja Loka d.o.o., represented by managing director Iztok Novak and with the prior notification of the employees, I issue the

CODE OF ETHICS AND BUSINESS CONDUCT POLYCOM ŠKOFJA LOKA D.O.O.

There are qualitative methods and business goals which prevail in business ethics and they are manifested in the care for the employees, suppliers, buyers, competition and environment. Among the most important characteristics in the code are professionalism, information, confidentiality, integrity, truthfulness and diligence.

The code's intention is to encourage the development of the business ethics and form understandable standards of value. The code is intended for all employees in the company.

The code has 9 principles which organize four relationship areas; relationship towards self, relationship towards others, relationship towards society as a whole and relationship towards environment, and two levels of ethics: the first defines the ethical relationship between the individual and the company, and the second one defines the relationship company-state-society.

The code integrally unites the aspects of legalisation (in compliance with the existing law), justice (even in those aspects not defined by law), social environment inclusion, sustainable development (taking into consideration the future generations) and responsible coexistence (comprehensive treatment of companies and organizations).

Code of ethics principles:

1. Voluntary employment

- 1.1 All employees enter into an employment relationship voluntarily.
- 1.2 All employers have the right to leave the company freely and in accordance with the current legislation.

2. Respect and freedom of establishment and the right to collective bargaining

- 2.1 The employer is obliged to respect the right to organize and collective bargaining.
- 2.2 The employees' representatives are not discriminated and they have ensured conditions for the performance of their representative tasks.

3. Safe and healthy working conditions

- 3.1 The company provides safe and healthy working conditions, according to the law. Appropriate measures are introduced for the prevention of accidents and the health safety, which are based on and connected to the work.
- 3.2 Employees are obliged to regularly/periodically attend trainings for health and safety at work. The training is also organized for the newly employed and the employees, who are restructured to new job posts.

3.3 Employees have access to clean toilet facilities/sanitation and drinking water.

3.4 The sanitation areas, the drinking water and the dining room are clean, safe and meet the employees' basic needs.

3.5 The management representative is responsible for health and safety in the company.

4. Child labour prohibition

4.1 Employment and labour of children younger than 15 years is forbidden.

4.2 The company develops, cooperates and approaches policies and programmes, which ensure the prohibition of child labour and with that prevent their qualitative training.

4.3 Children and young persons (younger than 18 years) must not perform night work or work in dangerous conditions.

4.4 The policies and work procedures are in accordance with the ILO standard (International Labour Standard), which refers to the protection of the fundamental rights of workers, the increase of the job security, and the improvement of employment conditions on a global level.

5. Regular personal income

5.1 Personal income and other income is payed out in accordance with the law. No one has a lower wage than the prescribed minimum wage.

5.2 All employees are informed in writing about the terms of employment and personal income prior to the commencement of work. Each month they receive in writing a balance sheet of their income.

5.3 The deductions made from the salaries, which are not defined by law, are not allowed without the express authorization of the employee. All disciplinary measures are recorded.

6. Working time

6.1 Working time is in accordance with the national laws/legislation and the collective agreement for the chemical and rubber industry.

6.2 Employees are not required to work a regular work that exceeds 48 hours per week. Employees have at least one leave day for each 7-day period. Overtime work must not exceed the time limit of 8 hours per week, 20 hours per month and 170 hours per year. The working day cannot exceed 10 hours. Overtime work can exceed the time limit with the employee's consent, but it must not surpass 230 hours per year.

7. Prohibition of discrimination

7.1 It is not allowed to discriminate based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, trade-union membership or political affiliation in terms of employment, compensation, access to training, termination of employment or retirement.

8. Assurance of full-time employment

8.1 For each completed work an employment relationship is established, which is prescribed by national laws and practice.

8.2 The obligations towards employees are determined by rules and regulations, which stem from a regular employment relationship. The company aims to provide permanent employment.

9. Prohibition of cruel and inhuman treatment

9.1 Physical abuse or discipline, threatening of physical abuse, sexual or other harassment and abusive language are forbidden.

10. Anti-corruption clause and protection of classified information

10.1. In case anyone on behalf of and for the account of the rightful claimant, promises, offers or gives any unauthorised benefits to a representative or a mediator of the authority or organization, for the purpose of obtaining or closing business under more favourable terms or relinquishing control of the implementation of contractual obligations or other proceedings or omissions, which harm the authority or organization, or there is any gain of unauthorised benefit by an authority representative, a mediator of the authority or organization, another contractual party or its delegates, representatives, the agreement is invalid and the offence punishable. Employees, who have at their disposal confidential information of the company, customers and suppliers have to ensure the protection of the confidentiality of this information.

Employees are encouraged to report directly to their superiors or managers any detected irregularities, inconsistencies and potential illegal activities. Employees are not and cannot be subject to any sanctions for the communication of the stated irregularities.

Director: Iztok Novak