

# CODE OF BUSINESS CONDUCT AND ETHICS

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## 1. STATEMENT OF BUSINESS PURPOSE AND VALUES

Tenon is devoted to creating superior shareholder value. Our key principles, what we believe, are:

- Serving the customer and beating the competition drives what we do;
- We know that profitable growth comes from being better and different than our competition;
- We are a company with an overriding commitment to operational discipline and strategic execution;
- Our two primary measures of success are customer satisfaction and earnings performance/real cash generation;
- We are an entrepreneurial organisation with a minimum of bureaucracy and a never ending focus on continuous improvement and efficiency;
- We live, work, and act with a smart sense of urgency, and are keenly aware that perfection can be the enemy of execution;
- Our potential is only limited by the collective ability of our outstanding and dedicated people;
- We strive to provide our people with the room and resources they need to grow;
- We desire to positively impact the communities in which we do business;
- We operate with integrity, managing our people by stressing openness, communication, commitment, innovation, coordinated delegation of authority, responsibility and accountability;
- We are committed to being ethical and socially responsible, acting within the laws of the countries we operate in;
- We believe our reputation is as important as the products we sell, and that our future depends on maintaining that reputation;
- We are committed to maintaining a high standard of safety and environmental performance;
- We are committed to Tenon's core values of:
  - competitiveness
  - embracing innovation and change
  - being customer driven
  - continuous improvement
  - positive effort
  - teamwork
  - positive attitude
  - high integrity
  - respect for the environment and
  - safety

Tenon believes its business decisions should always reflect its values and Tenon's legal obligations.

All employees of the Tenon Group of companies worldwide are expected to work within the Tenon *Code of Business Conduct and Ethics*, and to ensure that in doing business Tenon continues to maintain and grow its reputation as a respected company in the countries in which it operates.

## **2. ETHICS**

As an employee of Tenon you will not do anything in your work that may discredit Tenon or any of its employees. You will act professionally and ethically to maintain the good reputation of Tenon and its people.

## **3. CONFLICT OF INTEREST**

Employees must avoid conflicts of interest when working for Tenon. You will have a conflict of interest if you are involved in any activity which:

- conflicts with your ability to carry out responsibilities towards Tenon;
- puts you in competition with Tenon; or
- benefits anyone who is in competition with Tenon.

Examples include accepting positions or work with other organisations, and investment activities, or acceptance of inappropriate gifts or favours. Before a conflict of interest arises employees should speak to their reporting manager, who will then discuss the issue with the appropriate Tenon executive. Employees must have the prior approval of Tenon to a conflict of interest.

## **4. CONFIDENTIALITY OF TENON'S INFORMATION**

Employees must protect the confidentiality of Tenon's confidential business information. Employees must not discuss Tenon's confidential information with others, or use that information for their own benefit or for the benefit of others, whether during their employment or afterwards.

## **5. TRADE PRACTICES**

Tenon is committed to dealing ethically and fairly with its customers, delivering high quality products and services.

In addition, as a consumer-orientated company Tenon must ensure that it complies with all trade and unfair practices laws and regulations in all the markets in which it operates.

Trade and unfair practices laws are usually monitored by a regulatory and enforcement body, e.g. in New Zealand – the Commerce Commission oversees the Commerce Act and Fair Trading Act and in the United States the Federal Trade Commission and the Department of Justice oversees these matters. Accordingly, employees need to be particularly scrupulous in their business activities and dealings. Breaches of trade practices legislation could lead to substantial fines being imposed on both Tenon and individual employees.

## **6. EMPLOYMENT EQUITY**

Tenon is an equal opportunity employer and recognises the value to Tenon of having a diverse workforce. Tenon will recruit, promote and treat its people without discrimination, based on its values of respect and dignity for the individual and on the individual's qualifications and ability to do the job.

## **7. DISCRIMINATION AND SEXUAL HARASSMENT**

Tenon will not tolerate any form of discrimination or sexual harassment. Sexual harassment is unlawful and is destructive to the work environment and ultimately work performance. Tenon will treat all discrimination or sexual harassment complaints seriously and will attend to and investigate complaints promptly, confidentially and impartially.

## **8. DRUG AND ALCOHOL POLICY**

Tenon is committed to creating a drug and alcohol free workplace to safely achieve its business objectives. This commitment:

- supports the Tenon values
- is part of the way we work
- achieves a healthier and safer workplace and workforce

Tenon will support our people in achieving this goal through the following initiatives:

- Voluntary Rehabilitation
- Pre-employment Testing
- Post Accident or Incident Testing
- Reasonable Cause Testing
- Compulsory Rehabilitation

Therefore, alcohol is generally not permitted on Tenon sites where operational activities take place. However exceptions may be made with the prior approval of the Chief Executive Officer for entertainment purposes only.

## **9. HEALTH AND SAFETY**

Tenon is committed to maintaining a safe and healthy workplace. Tenon will give health and safety considerations equal status with its primary business objectives.

Tenon is committed to training managers, employees, partners, contractors and third parties to ensure that they are competent in meeting Tenon's health and safety standards.

Tenon actively monitors audits and reviews procedures, processes and management systems, including objectives and targets, to ensure continuous improvement in health and safety performance.

## **10. ENVIRONMENT**

Tenon is committed to a high standard of responsible management of the environmental impact of its operations. Its commitment extends beyond strict commercial or regulatory requirements. Tenon will give environmental considerations equal status with its primary business objectives.

Tenon monitors and audits the environmental effects and performance of its manufacturing operations to ensure work is carried out in a manner consistent with the law and Tenon's own requirements.

## **11. COMPLIANCE WITH LEGAL OBLIGATIONS**

Tenon and its employees will comply with all the laws of the various countries in which it operates. It is important that Tenon and its employees understand and comply with all these laws, including, for example, competition laws and laws that address corruption, such as the United States Foreign Corrupt Practices Act 1997.

In addition, Tenon is subject to information disclosure obligations, which are designed to ensure that the New Zealand Stock Exchange on which Tenon's shares are publicly traded are fully and effectively informed about Tenon's business. Tenon has comprehensive policies and procedures in place to ensure compliance with information disclosure obligations and which are available to all employees. Tenon provides training to its employees in the area of legal compliance and it is important that Tenon's employees participate in such training.

## **12. INSIDER TRADING**

Employees must comply with insider trading laws. Using "inside information" (i.e. information which has not yet been made public about Tenon or another publicly listed company) for personal gain by buying or selling shares, or by passing the information on to third parties, or encouraging third parties to trade or hold Tenon's shares when you hold inside information, is illegal. To help you understand your obligations when you have "inside information" Tenon has a strict internal compliance code, which is available to all employees and which must be followed at all times.

## **13. DISCLOSURE OF ILLEGAL OR UNETHICAL CONDUCT**

Employees are responsible for reporting, and third parties with whom Tenon interacts with are encouraged to report, to any layer of management in Tenon, the Tenon General Manager Corporate or to the Chairman of the Tenon Limited Audit Committee, any illegal or unethical conduct, and shall be free to do so without fear of retribution or adverse action on the part of Tenon. Tenon will investigate all reports of unlawful or unethical practices.

## **14. USE OF TENON ASSETS**

Employees should respect Tenon's property and use Tenon's assets – including computers and related information technology assets – only in accordance with established Tenon policies.

## **15. FINANCIAL ANALYSIS, REPORTING AND SYSTEMS**

Senior Executives and other employees who have responsibility for financial analysis, reporting and systems shall at all times exhibit and promote the highest standards of professional, honest and ethical conduct that:

- encourages and rewards professional integrity in all aspects of the financial organisation;
- eliminates barriers to responsible behaviour;
- promotes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- ensures that business transactions are properly authorised and completely and accurately recorded on Tenon's books in accordance with Generally Accepted Accounting Principles and established Tenon policy;

- ensures the retention or disposal of Tenon's records in accordance with established financial policies and applicable legal and regulatory requirements;
- ensures that the Tenon's auditors are not improperly influenced for the purpose of rendering financial statements materially misleading;
- ensures all financial communications and reports are delivered in accordance with all legal and accounting requirements, and fairly and accurately state the results of Tenon;
- promotes the continuing education of the finance organisation in all matters affecting the operation of the finance organisation and Tenon generally;
- requires members of the financial organisation to inform senior management, or, in appropriate circumstances the Audit Committee, of deviations from policies and procedures governing the operation of Tenon's financial systems and reporting; and
- reports and corrects in a prompt manner any detected deviations from accounting, legal or policy requirements.

## 16. BREACH OF THIS CODE

A breach of any of the provisions of the Code of Business Conduct and Ethics may amount to a serious breach of the terms of your employment with Tenon which could result in immediate termination of your employment and without notice or any compensation.

**Further Information and Contacts. The provisions of this Code of Business Conduct and Ethics are in addition to any company policies and terms of employment relevant in each employee's country.** If you have any questions in relation to this Code of Business Conduct and Ethics you should contact your manager or the Tenon General Manager Corporate.

Approved by the Tenon Board  
22 April 2010