

# ALTRON POLICY MANUAL

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## PART B – SECTION 3

### CODE OF ETHICS

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## PURPOSE OF THIS CODE

Identifying human needs, and responding by producing goods and services, is a worthwhile activity deserving of material reward. Working in business is ethical in that it gives opportunities to men and women to use their unique qualities and skills creatively in the positive development of society.

The way in which business conducts itself should be as ethical as its contribution to society. Business behaviour should be measured by standards comparable to those applied to any individual.

The ethical standards of the Altron Group should reflect the values of the new South Africa and its diverse society.

This Code is intended for use to raise ethical awareness, and as a guide in day-to-day decisions. It contains aspirational ethical guidelines for everyday events that occur throughout the Altron Group and should be read in conjunction with the Altron Group Code of Conduct, the Altron Corporate Compliance Policy and any other applicable Altron Group policies. Where any conflict exists between the contents of this Code and the provisions of any other Altron Group Policy that specifically deals with a particular matter or conduct in detail, the specific Altron Group Policy shall prevail.

It can be used in training programmes, and to help assure customers, suppliers and competitors of the integrity of the Altron Group. Reference to a document containing a Code of Ethics should not, of course, replace ethical values that form part of the human character.

## Chapter 1 – Chapters and Interpretation

### **Division of Code into chapters.**

1. This Code of Ethics is divided into eight chapters dealing with the following matters:-

- |           |   |   |
|-----------|---|---|
| Chapter 1 | : | Chapters and interpretation (clauses 1 to 3).         |
| Chapter 2 | : | Application and general obligation (clauses 3 and 4). |
| Chapter 3 | : | Managers (clauses 5 – 11).                            |
| Chapter 4 | : | Employees other than managers (clauses 12 to 16).     |
| Chapter 5 | : | Owners (clauses 17 – 20).                             |

- Chapter 6 : Suppliers and lenders (clauses 21 to 23).
- Chapter 7 : Customers (clauses 24 and 25).
- Chapter 8 : Society at large (clause 26).

## **Interpretation**

### 2. In this Code of Ethics:-

2.1 “Group” means collectively and individually, Allied Electronics Corporation Limited (‘Altron’) and any other company which is or would be deemed to be a subsidiary or associate of Altron in terms of the Companies Act of 1973, as amended or superseded.

2.2 “Products” means the goods and services produced or rendered by any member company of the Group.

## **Chapter 2 – Application and General Obligation**

### **Application of Code**

#### 3. This Code of Ethics (‘Code’) shall be applied by:-

- 3.1 the managers and directors of the Group, including non-executive directors;
- 3.2 the owners and shareholders of the Group, where they are different persons from its managers or directors;
- 3.3 the employees of the Group, in connection with their dealings with:
- 3.4 suppliers and lenders to the Group;
- 3.5 the customers of the Group;
- 3.6 competitors of the Group; and
- 3.7 in general, the people of South Africa and its government.

### **General obligation to avoid harm**

4. All people to whom this Code applies shall observe their ethical obligations in such a way as to carry on business without causing harm other than by fair commercial competitive practices.

## **Chapter 3 – Managers**

**Managers are responsible for obligations of their operation within the Group.**

- 5.1 Managers of the Group shall, by reason of their being in control of the carrying on of the business of the Group:-
  - 5.1.1 be responsible to communicate this Code and to ensure its understanding by all the employees of the Group;
  - 5.1.2 be responsible for the observance of the ethical obligations of the Group; and
  - 5.1.3 take the necessary steps for compliance by the Group with the provisions of this Code.
- 5.2 For the purpose of this chapter, a manager includes a director, and also a non-executive director with due regard to the extent to which they are engaged in the affairs of the Group.

**Obligations of managers to customers.**

- 6.1 A manager shall:-
  - 6.1.1 market the products of the Group accurately;
  - 6.1.2 disclose all relevant information regarding the products which customers cannot reasonably learn for themselves;
  - 6.1.3 charge the agreed price or, where no price was agreed, a just, fair and reasonable price;
  - 6.1.4 if applicable, package the products in a manner which is not misleading and at least meets the customer's reasonable expectations; and
  - 6.15 supply the products with a promptness that at least meets the reasonable expectations of the customer and, where supply will be delayed, inform the customer of this before expiry of the contemplated delivery period.
- 6.2 A manager has a responsibility to customers of the Group to fix and maintain quality standards, and in particular, shall:-
  - 6.2.1 determine minimum quality standards for the products of the Group and ensure that the products conform to these standards;
  - 6.2.2 make known any standard of quality which is higher than the customary standard, and any price premium justified by such higher standard;
  - 6.2.3 provide customers with a ready means of lodging complaints about the quality of the Group's products;
  - 6.2.4 provide a reasonable guarantee that its products conform to the standards of the Group, and replace any product which is below standard;
  - 6.2.5 not knowingly supply a defective or dangerous product; and

- 6.2.6 comply with applicable legislation, in particular but not limited to the Consumer Protection Act, No. 68 of 2008.
- 6.3 A manager shall manage with a view to achieving the greatest possible savings and other benefits for customers, and in particular shall:-
  - 6.3.1 strive to reduce inefficiencies in the Group, and establish standards of efficiency in consultation with the other employees of the Group;
  - 6.3.2 introduce and maintain in the Group an awareness by all employees that the resources of the Group, including time resources, are in limited supply;
  - 6.3.3 keep the costs of the Group at the lowest reasonable level;
  - 6.3.4 not abuse a position of market dominance or engage in a restrictive trade practice; and
  - 6.3.5 not permit any acts of bribery or corruption.
- 6.4 A manager shall respect the confidentiality of sensitive customer information.

**Obligations of managers to owners and shareholders of the Group.**

- 7.1 Managers of the Group have the obligations set out in this clause where they are not also owners of the Group.
- 7.2 Managers shall in relation to the Group act honestly and in good faith, and in particular shall:-
  - 7.2.1 act within their powers, and in the interests and for the benefit of the Group;
  - 7.2.2 carry out their duties with the skill and care to be expected from a person of their knowledge and experience, and exercise their own judgement;
  - 7.2.3 not permit wastage of the assets of the Group;
  - 7.2.4 report accurately to the owners on the performance and prospects of the Group, and justify the confidence reposed in them;
  - 7.2.5 furnish to an auditor of the Group all information and explanations which the auditor requires for the performance of their functions; and
  - 7.2.6 not carry on the business of the Group negligently or recklessly.
- 7.3 Managers shall not place themselves in a position where their personal interests could conflict with their duties to the Group, and in particular they shall:-
  - 7.3.1 not divulge confidential information of the Group to its competitors or otherwise make improper use of such information;
  - 7.3.2 not carry on business on their own account when this is forbidden by the owners;

- 7.3.3 not accept secret profits, bribes or any other corrupt, or unconscionable benefits;
- 7.3.4 acquire for the benefit of the Group any economic opportunity which is the same line of business as the operation which they represent; and
- 7.3.5 not use information which is not yet available to the public for their own gain.

**Obligations of managers to suppliers and lenders to the Group.**

- 8.1 A manager shall ensure responsible buying practices with suppliers of the Group, and in particular he shall:-
  - 8.1.1 inform a supplier of any bribe or attempted bribe by the supplier's personnel of an employee of the Group;
  - 8.1.2 terminate dealings with any supplier which bribes employees of the Group; and
  - 8.1.3 ensure that no bribe is paid to personnel of a supplier of the Group.
- 8.2 The managers of the Group shall manage compliance by the Group with its debt obligations to suppliers to the Group on credit, including lenders of money, and in particular a manager shall:-
  - 8.2.1 not apply funds acquired from a lender to a purpose which is contrary to any agreement with the lender;
  - 8.2.2 manage the Group in a way which does not unjustifiably increase the risk to creditors of the Group;
  - 8.2.3 report honestly on the financial position of the Group to its creditors; and
  - 8.2.4
  - 8.2.4 inform the creditor concerned of any inability by the Group to meet any such obligations.

**Obligations of managers to employees of the Group.**

- 9.1 A manager shall:-
  - 9.1.1 deal courteously with employees, having regard to cultural sensitivities and individual dignity;
  - 9.1.2 give due attention to the training and development of employees;
  - 9.1.3 provide safe working conditions, including adequate machinery and equipment and competent supervision;
  - 9.1.4
  - 9.1.4 in the appointment, treatment or promotion of employees of the Group:-

- 9.1.4.1 not discriminate on any ground which does not affect the carrying out of the duties of the employee;
- 9.1.4.2 provide opportunities for individuals whose potential has been restricted by unethical legislation or social discrimination in the past;
- 9.1.5 recognise employees' efforts by fair and responsible remuneration and other means;
- 9.1.6 protect employees against physical, mental or emotional harassment;
- 9.1.7 comply with the laws governing labour relations and conditions of employment;
- 9.1.8 make this Code and the reasons for it known to employees;
- 9.1.9 deal openly and fairly when involved in collective bargaining processes with representatives of the employees of the Group; and
- 9.1.10 manage the Group in such a way as not to unreasonably jeopardize job security of employees.

**Obligations of managers in respect of competitors.**

- 10. Managers of the Group shall not:-
  - 10.1 make dishonest allegations concerning competitors of the Group or concerning their products;
  - 10.2 compete with competitors other than by accepted commercial competitive practice; and
  - 10.3 acquire confidential information of a competitor by espionage, the subordinating of the competitor's employees or any other improper means.

**Obligations of managers to society at large.**

- 11. Managers shall in the carrying on of the business of the Group:-
  - 11.1 pay due regard to environmental and public health considerations; and
  - 11.2 participate within the means of the Group in projects which will uplift the community in which the Group operates.

**Chapter 4 – Employees Other Than Managers**

**Obligations of employees to customers.**

- 12. Employees of the Group, other than a manager, shall:-

- 12.1 support and assist management to fulfil its commercial and ethical obligations as set out in this Code;
- 12.2 avoid any waste of the Group's resources, including time;
- 12.3 respect the confidentiality of sensitive customer information; and
- 12.4 help fellow employees meet their obligations.

**Obligations of employees to owners of the Group.**

- 13. Employees shall:-
  - 13.1 avoid unreasonable disruption of production;
  - 13.2 use their capabilities and develop their potential as much as possible, particularly in return for training received;
  - 13.3 not divulge any confidential information of the Group to competitors or otherwise make improper use of such information;
  - 13.4 act honestly at all times and report any harmful activity they may observe or come across in the workplace;
  - 13.5 commit to honouring their agreed terms and conditions of employment; and
  - 13.6 not act in any way that may jeopardise the shareholder's rights to a reasonable return on investment.

**Obligations of employees to managers.**

- 14. Employees shall perform their duties diligently and efficiently, and in particular shall:-
  - 14.1 support and assist management to fulfil its commercial and ethical obligations as set out in this Code;
  - 14.2 avoid any waste of the Group's resources, including time;
  - 14.3 refuse any bribe, and report attempted bribery to a manager;
  - 14.4 report any harmful activity observed at the workplace;
  - 14.5 not abuse a strong collective bargaining position or engage in unreasonable industrial action; and
  - 14.6 join management in a commitment to improve productivity.

**Obligations of employees to fellow employees.**

- 15. Employees shall:-
  - 15.1 not make a false accusation against a fellow employee;
  - 15.2 not intimidate a fellow employee; and
  - 15.3 recognise fellow employees' rights to freedom of association.

**Obligations of employees to society at large.**

16. Employees shall pay due regard to environmental and public health considerations in and around the workplace.

## Chapter 5 – Owners

### **General obligations of owners concerning managers.**

17. Where the owners of the Group are not also the managers or directors of the Group, the owners shall appoint managers or directors who will in the opinion of the owners be capable of fulfilling the obligations of the Group which in terms of this Code are the responsibility of a manager. The owners will support managers to communicate this Code and ensure its observance in terms of paragraph 5 above.

### **Obligations of owners to managers of the Group.**

18. The owners shall:-
  - 18.1 confer on the managers of the Group sufficient authority to carry out the responsibilities imposed on the managers; and
  - 18.2 not insist on unreasonably short-term performance results that could compel the managers to act injudiciously or unethically.

### **Obligations of owners/shareholders to other others.**

19. An owner/shareholder shall not:-
  - 19.1 dishonestly manipulate the price of shares or interests in the Group to the prejudice of other existing or prospective owners.
  - 19.2 use information which is not yet available to the public for their own gain.

### **Obligations of employees to fellow employees.**

20. In winding up an operation or a part of it, an owner shall take due cognisance of the impact thereof on all stakeholders and the community in which it operates.

## Chapter 6 – Suppliers and Lenders

### **Obligations of suppliers to the Group's shareholders.**

The Group must seek, in its dealings with suppliers, a commitment by suppliers to adhere to principles and standards of conduct similar to those as set out in this Code. Preference is to be given to suppliers who adhere to ethical conduct similar to what is set out in this Code.

## Chapter 7 – Customers

### **Obligations of customers to the Group.**

The Group must seek, in its dealings with customers, a commitment by customers to adhere to principles and standards of conduct similar to those as set out in this Code.

## Chapter 8 – Society at Large

### **Obligations of society to the Group.**

The Group must seek, in its dealings with the South African government and the people of South Africa in general, commitment from them to adhere to principles and standards of conduct similar to those as set out in this Code.