



GROUP POLICY

Subject: Group Code of Ethics and Business Conduct

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1. Background

This document sets out the Code of Ethics and Business Conduct for Mustek, Rectron and Mecer Inter-Ed, here forward termed the Company, and augments existing guidelines.

The spirit of this document is to encourage and support ethical conduct by all individuals covered by it as reflected in the scope below.

The purpose of the Code is to:

- a) set out the Company's core values;
- b) provide a framework for identifying conduct that is ethical and acceptable for the employees of who act as its agents;
- c) create a climate where authority is used ethically, and
- d) support all efforts aimed at curbing moral degeneration.

2. Scope of the code

Compliance with the Code is required of all employees of the Company. The ethical principles contained in the Code also apply to contract labour, consultants, temporary employees, part time employees, casual employees, occasional employees, customers, suppliers and others acting on behalf of, or dealing with the Company.

Although the Company has limited legal rights in enforcing its policy of ethical business conduct and behaviour on its goods and service providers, the Company can exercise moral persuasion to gain compliance with the Code or choose not to enter into business relationships with providers that do not comply.

The code should also be read in conjunction with the following policies: -

- HR Policy 2 - Group Policy regarding Social Media
- SE Policy 2 - Group Fraud Prevention Policy
- SE Policy 3 - Group Policy on Anti-bribery and Anti-corruption
- Applicable company disciplinary code and grievance procedure

3. Ethics

The term "ethics" refers to standards of conduct which indicate how a person should behave, based on moral duties and virtues arising from the principles of right and wrong.

Ethical standards are necessary for the following reasons:

- a) To ensure that all stakeholders of the Company are aware of the core values respected by its employees (including management), and
- b) To ensure accountability within the Company in terms of fundamental ethical values and the Company's core values.

4. Core values

As a group, which produces goods and services in the public domain, the Company:

- 4.1. Is accountable to the public through exemplary conduct;
- 4.2. Discharges its responsibilities professionally and with humility, and with the aim of promoting growth and prosperity for all;
- 4.3. Aspires to the highest standards of financial management and discipline;
- 4.4. Acknowledges the importance of delivering excellent products to clients, through team work, planning with precision and executing with enthusiasm and commitment, striving always to improve performance;
- 4.5. Recognises its staff as a valued asset and by investing in them, offers opportunities to enhance skills, access to the best technology and advance careers to full potential;
- 4.6. Acts transparently and with integrity in dealing with the public and colleagues, showing respect and demonstrating fairness and objectivity, and
- 4.7. In achieving these goals, will honour the faith that the investing public has placed in us

5. Conflicts of interest

5.1. Related Parties

The definition for a related party is broad covering direct blood relations, perceived relations, in-laws, friends and a person's spouse/ partner. The related party could be a customer or supplier.

Any relationship with a related party must be disclosed. Transactions with related parties should be at arm's-length and market-related.

A conflict could arise where a party related to an employee obtains a gain, advantage or profit by the employee's position with the Company or knowledge gained through that position. It is possible too, that the employee may also gain directly or indirectly through such a relationship.

5.2. Outside Activities, Employment and Directorships

The Company and its employees share a very real responsibility to contribute to 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 best interest.

5.3. Incentives received from Suppliers and/ or Customers

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 the placing of orders and contracts.

All forms of rebates, vouchers, incentives (including travel) and goods offered by any suppliers and customers to the Company staff, are covered by this Code. Incentives referred to here include ex-gratia benefits, amongst others, gift vouchers, discounts, cash, prizes, goods and local and overseas holidays / trips.

Refer also to the Anti-bribery and Anti-corruption Policy for further requirements regarding the giving and receiving of gifts.

The Human Resources Department must maintain a register of all disclosures made to the Company, refer also points 6.5.4 to 6.5.6 below.

6. The code of conduct

Introduction

The need exists to provide direction to employees about their relationship with the Company and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

Although the Code of Conduct was drafted to be as comprehensive as possible, it is not an exhaustive set of rules regulating standards of conduct. However, heads of department, by their responsibility, are responsible for the efficient management and administration of their departments and the maintenance of discipline, are, inter alia, under a duty to ensure that the conduct of their employees conforms to the basic values and principles governing public administration and the norms and standards prescribed. Heads of department should also ensure that their staff are acquainted with these measures, and that they accept and abide by them.

The primary purpose of the Code is a positive one, viz. to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct, and may be dealt with in accordance with the relevant company's Disciplinary Code, if she or he contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

6.1. Relationship with the Company

An employee –

- 6.1.1. is faithful to the Republic of South Africa and honours the Constitution and abides thereby in the execution of her or his daily tasks;
- 6.1.2. co-operates with institutions established under legislation and the Constitution in promoting's interests;
- 6.1.3. strives to be familiar with and abides by all statutory and other instructions applicable to her or his conduct and duties;
- 6.1.4. puts the Company's interest first in the execution of her or his duties;
- 6.1.5. loyally executes the policies of the Company in the performance of her or his official duties as contained in all statutory and other prescripts, and
- 6.1.6. does not abuse her or his position in the Company to promote or prejudice the interest of any political party or interest group.

6.2. Relationship with customers

An employee –

- 6.2.1. promotes the unity and well-being of the Company in performing her or his official duties;
- 6.2.2. will serve customers in an unbiased and impartial manner to create confidence in the Company;
- 6.2.3. is polite, helpful and reasonably accessible in her or his dealing with customers, always providing customers with the high standards of service entitled them;
- 6.2.4. has regard for the circumstances and concerns of customers in performing her or his official duties and in the making of decisions affecting them
- 6.2.5. does not unfairly discriminate against any customer or member of the public because of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language;

6.3. Relationships among employees

An employee –

- 6.3.1. co-operates fully with other employees to advance the Company's interest;
- 6.3.2. executes all reasonable instructions by persons officially assigned to give them, provided these are not contrary to the provisions of the Constitution and/or any other law;
- 6.3.3. refrains from favouring relatives and friends in work-related activities and never abuses her or his authority or influences another employee, nor is influenced to abuse her or his authority;
- 6.3.4. uses the appropriate channels to air her or his grievances or to direct representations;
- 6.3.5. is committed to the optimal development, motivation and utilisation of her or his staff and the promotion of sound labour and interpersonal relations;
- 6.3.6. deals fairly, professionally and equitably with other employees, irrespective of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language, and
- 6.3.7. refrains from party political activities in the workplace

6.4. Performance of duties

An employee –

- 6.4.1. strives to achieve the objectives of her or his department cost-effectively and in the Company's interest;
- 6.4.2. must hold supplier, customer and company information in the strictest of confidence;
- 6.4.3. is creative in thought and in the execution of her or his duties, seeks innovative ways to solve problems and enhances effectiveness and efficiency within the context of the law;

- 6.4.4. is punctual in the execution of her or his duties;
- 6.4.5. executes her or his duties in a professional and competent manner;
- 6.4.6. does not engage in any transaction or action that conflicts with or infringes on the execution of her or his official duties;
- 6.4.7. will recuse herself or himself from any official action or decision-making process which may result in improper personal gain, and this should be properly declared by the employee;
- 6.4.8. accepts the responsibility to avail herself or himself of ongoing training and self-development throughout her or his career;
- 6.4.9. is honest and accountable in dealing with company funds and uses the Company's property and other resources effectively, efficiently, and only for authorised official purposes;
- 6.4.10. promotes sound, efficient, effective, transparent and accountable administration;
- 6.4.11. during her or his official duties, shall report to the appropriate authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the Company's interest;
- 6.4.12. gives honest and impartial advice, based on all available relevant information, to higher authority when asked for assistance of this kind, and
- 6.4.13. honours the confidentiality of matters, documents and discussions, classified or implied as being confidential or secret.

6.5. Personal conduct and private interests

An employee –

- 6.5.1. during official duties, dresses and behaves in a manner that enhances the reputation of the Company;
- 6.5.2. acts responsibly as far as the use of alcoholic beverages or any other substance with an intoxicating effect is concerned;
- 6.5.3. must disclose any relationship with a related party. If there is a perceived conflict of interest situation with a related party, all the facts must be immediately disclosed to their head of department and Human Resources Department using the form, Disclosure of interests and/or relationships with related parties, QRSE001. Refer to point 5.1 above regarding conflicts of interest with related parties.
- 6.5.4. does not, without the prior express written approval of an executive director, undertake remunerative work outside her or his official duties or use office equipment for such work. Employees who hold, or have been invited to hold, outside directorships should take care to ensure compliance with all provisions of this Code and with the requirements of the Companies Act and any other applicable legislation.

When outside business directorships are being considered, prior written approval must be obtained from an executive director. The form, Disclosure of interests and/or relationships with related parties, QRSE001, must be used to disclose this information and obtain approval.

6.5.5. shall not use her or his official position to obtain private gifts or benefits for herself or himself during the performance of her or his official duties. An employee who is offered gifts, hospitality or other favours by a supplier or customer, over a value of R1000 (one thousand rand) – this being the actual replacement value of the item – not necessarily the invoice value of the item - must have such offer approved by an EXCO member, in writing prior to acceptance of such offer. (Complete the form - Incentives Received from Suppliers and/or Customers). Refer to point 5.3 above regarding gifts.

7. Creating awareness

It is the responsibility of all managers to ensure that all employees, are made aware of, and receive appropriate training and education about this Code.

8. Compliance

All EXCO members will be required to sign the disclosure form annually at financial year-end by the relevant head of the HR Department. Refer Disclosure of interests and/or relationships with related parties - QRSE001.

All employees of the Company –

8.1. shall read, be familiar with, understand and will conform with this Code. Staff will sign acknowledgement of the code during induction and be reminded by the relevant head of the HR Department through corporate communications about the code annually at financial year-end.

8.2. who have doubts regarding a questionable situation that might arise, should immediately consult their manager who will secure clarity from the applicable company head of the HR Department.

8.3. 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, including any payment for, or other participation in an illegal act, such as bribery.

8.4. 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.