



Supplier Code of Conduct

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1. Purpose and Scope

This Supplier Code of Conduct (the “Code”) sets out the principles and expectations of the KAP Industrial Holdings Limited group (“KAP”) as to how suppliers of goods and services to KAP (“Suppliers”), including their affiliates, representatives and employees, are to conduct business with KAP. KAP, including all its employees, has a duty to comply with applicable laws and regulations and, in addition, King IV requires KAP to behave responsibly and ethically. KAP therefore expects its Suppliers to operate with values comparable to its own and in a manner that is consistent with good corporate governance.

Suppliers are required to take steps to ensure that this Code is communicated throughout their organisations.

KAP regards any contravention of this Code by a supplier as a serious matter which could result in the termination of the business relationship and possibly the institution of civil or criminal proceedings.

KAP requires its Suppliers commit to and comply with the following minimum standards:

2. Competition Law

KAP subscribes to the principles of free and fair competition as embodied in the relevant Competition laws of South Africa.

KAP therefore requires that all Suppliers conduct their business in full compliance with applicable Competition laws intended to promote free and fair competition and do not enter into prohibited agreements or practices, formal or informal, such as price fixing, market sharing, bid rigging, collusion, “kickbacks”, etc.

3. Confidential and Proprietary Information

Suppliers may not use for their own purpose or disclose to any third party, KAP’s intellectual property, trade secrets or other confidential, proprietary or sensitive information (“KAP’s Information”) without the prior written consent of KAP.

Suppliers may disclose KAP’s Information to persons within the Suppliers’ organisation strictly on a “need to know” or “need to use” basis and for the sole purpose of supplying goods and/or services to KAP.

4. Ethical Dealings

KAP seeks to deal with Suppliers honestly and ethically and will give all potential suppliers fair consideration. Decisions will be based on objective criteria such as price, quality, B-BBEE status, service capability, reliability, track record and integrity.

The giving or receiving of any kickbacks, bribes or similar payments of any sort is prohibited. KAP employees may not receive any commissions, money or item of value other than regular remuneration and incentives as provided for in their terms of employment, either directly or indirectly, for negotiating, procuring, recommending or aiding in any transaction entered into on behalf of KAP, nor are they entitled to any direct or indirect financial interest in such transactions.

Suppliers are required to demonstrate the same high ethical standards and to conduct business with integrity and fairness.

KAP employees are prohibited from engaging in any private financial relationship with any Supplier, its owners, shareholders, directors, partners or members including the investment in or acquisition of any financial interest for their own account in any Supplier business, or with any of the owners, shareholders, directors, partners or members of such business, other than ordinary share dealings through a recognised stock exchange.

5. Anti-Bribery

Suppliers must not engage in any conduct that would put KAP at risk of violating anti-bribery laws.

Company policy and anti-bribery laws around the world prohibit KAP and its employees from giving or accepting money or other inappropriate enticements, directly or indirectly to coerce or persuade the award of a business opportunity to KAP or the Supplier, as the case may be.

Suppliers may not, in their business relationship with KAP, act in any way, that violates KAP's policy or anti-bribery laws around the world. Suppliers must also ensure, that their suppliers in the supply chain, do not engage in the giving or receiving of bribes, kickbacks or other similar improper or unlawful payments.

6. Gifts

Suppliers should be aware that it is not permissible for KAP employees to give or receive gifts, hospitality or favours that could influence any business decision or that create the appearance of influencing such decision.

Suppliers are therefore not to provide gifts, hospitality or favours to any KAP employee, their family members or friends other than the following:

- promotional material and reasonable business entertainment such as business breakfasts, lunches, cocktail parties or dinners;
- personal hospitality to events such as sporting events or theatres, provided that travel and accommodation costs are not included;
- business conferences and/or seminars, provided that travel and accommodation costs are not included;
- gifts to a maximum value of R2,000.00 (or the equivalent in local currency for operations outside South Africa) and less.

The giving or receiving of gift vouchers or other cash equivalents above R2,000.00 (or the equivalent thereof in local currency for operations outside South Africa) or cash (regardless of the amount) is always prohibited.

Any deviations from this will only be allowed if permission is received in writing from a member of the executive committee for the respective division.

7. Health and Safety

Suppliers who do business with KAP are required to provide a safe and healthy work environment for all employees working at their sites. In addition, any Supplier employee or representative providing on-site services in a KAP facility is required to adhere to KAP safety standards and site rules.

8. International Trade Regulations

KAP Suppliers must adhere to all applicable trade and import regulations that apply to their activities.

9. Labour Practices and Human Rights

KAP is committed to fair labour practices in the workplace and expects its Suppliers to take appropriate steps to ensure that they and their suppliers, subscribe to the same principles and practices, which include:

- a prohibition of all forms of unfair discrimination;
- an intolerance of the inhumane treatment of employees and behaviour which is tantamount to any form of harassment in the workplace;
- a prohibition of the use of child labour;

- the recognition of the right of employees to freedom of association, organisation and collective bargaining;
- respect for the privacy of all employees; and
- the provision of equal opportunities without the discrimination on the basis of age, colour, creed, disability, ethnic origin, gender, marital or family status, religion or sexual orientation. In addition, all promotions and recognition will be based purely on merit.

10. Protecting the Environment

KAP Suppliers shall comply strictly with the letter and spirit of applicable environmental laws and regulations. Suppliers must implement and maintain environmental policies to ensure that their actions are carried out in an environmentally responsible way and be transparent about and accountable for their environmental performance.

11. Quality Requirements

KAP will only do business with Suppliers that produce, package, store and ship products in accordance with good manufacturing practices prevailing in their respective industries. Suppliers are expected to provide goods and services that consistently meet required specifications or at least industry standards.

12. Sustainability

KAP is committed to the principle of sustainable development by striking an optimal balance between economic, environmental and social development and will strive to innovate and adopt best practice, working in consultation with its stakeholders. KAP expects its suppliers to take sustainability seriously including:

- minimise consumption of natural resources and waste generation, including water;
- minimise the impact of operations on the environment including carbon dioxide (CO₂) and other greenhouse gases (GHG);
- maximise recycling where possible;
- protecting the biodiversity; and
- requiring Suppliers to share its commitment to sustainability.

13. Reporting Ethical Concerns

Any Supplier or Supplier's employees should report improper behaviour that violates this Code to the KAPREF ethics report line.

These communications shall remain confidential and shall be disclosed to others as necessary to investigate the activity, take appropriate action or as otherwise required by law.

KAPREF can be reached on the following numbers:

Calling from within South Africa	:	0800 200 651
Calling from outside of South Africa	:	+27 12 543 5311

Gary Chaplin
 Chief Executive Officer
 KAP Industrial Holdings Limited