



An AB Sugar company

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## CODE OF CONDUCT AND BUSINESS ETHICS

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### 1 BASIS OF THE CODE

- 1.1 The core values in accordance with which Illovo Sugar Africa Proprietary Limited (“**Illovo**”) and its subsidiaries (“**the Group**”) conduct business are the values of integrity, empowerment, inclusiveness, commitment and accountability.
- 1.2 These core values form the foundation of our goals and objectives in terms of which we are committed:-
- 1.2.1 to operating in accordance with the highest legal and ethical standards;
  - 1.2.2 to achieving the highest standards of corporate governance by pursuing adherence to international best practice, principles of accountability, fairness, responsibility, transparency and integrity, thereby ensuring that the Group is managed in an efficient, responsible and ethical manner;
  - 1.2.3 to being a responsible corporate citizen by maintaining and developing appropriate ethical, safety, health, environmental, enterprise risk and quality management standards as an integral part of our business;
  - 1.2.4 to promoting and offering on-going development and equal opportunity to all our employees;
  - 1.2.5 to taking cognisance of the interests of all stakeholders of the Group; and
  - 1.2.6 to being welcomed in the communities in which it operates because of what it does, how well it does it, and to being recognised and accepted as a progressive company by all.
- 1.3 To this end Illovo is committed to applying the principles of the King Code of Governance for South Africa, 2009 (“**King III**”) and is guided in its business operations by the principles contained in the United Nations Global Compact (“**UNGC**”), the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption, the International Labour Organisation (“**ILO**”) Declaration on Fundamental Principles and Rights at Work and the Voluntary Principles on Security and Human Rights, and requires its suppliers, contractors, service providers and representatives, as well as other persons contracting with Illovo to do likewise.



## 2 SUSTAINABILITY

- 2.1 Illovo seeks to enhance stakeholder value and optimise growth, by achieving a sustainable, balanced and integrated economic, social and environmental performance, whilst taking cognisance of the interests of all its stakeholders.
- 2.2 The Group aims to be a world class, low cost and highly efficient organisation, operating on the African continent, adding value to its core products of fibre, sugar and molasses.
- 2.3 Illovo believes that fair competition leads to a healthy business environment and is committed to the principles of free and fair competition in all its business activities, whilst ensuring compliance with the applicable competition laws and regulations in all the countries in which the Group operates.

## 3 ADHERENCE TO THE CODE BY SUPPLIERS, CONTRACTORS, SERVICE PROVIDERS AND REPRESENTATIVES

- 3.1 The Group requires its suppliers, contractors, service providers and representatives, (“**Suppliers**”) as well as other persons contracting with Illovo, comply with, and to seek to develop relationships with their own supply chains consistent with, the principles set out in this Code of Conduct, and that they are compliant with all the applicable local laws and codes of best practice in the countries in which they operate.
- 3.2 This Code determines the minimum standards against which the Group measures the behaviour of its own employees, and to which it requires its Suppliers to adhere.
- 3.3 This Code applies to all our business relationships and is aimed at ensuring that our reputation for ethical behaviour inspires confidence in all our stakeholders.
- 3.4 The identification and reporting of violations of the Code is encouraged, either directly to the Group Managing Director, or via the Group’s established tip-off reporting process as detailed on the Illovo website at [www.illovosugar.com](http://www.illovosugar.com), or directly by email to [ilovo@tip-offs.com](mailto:ilovo@tip-offs.com).

## 4 HUMAN RIGHTS

- 4.1 All Illovo Group businesses are required:-
- 4.1.1 to support and respect the protection of internationally recognised human rights;
- 4.1.2 to avoid causing or contributing to human rights abuses and to adopt practices to protect against such abuses, both in their activities and in their business relationships with others;
- 4.1.3 to conduct business in compliance with all applicable legal requirements and in a manner that respects the internationally proclaimed human rights and dignity of their employees and those of the local communities in which they operate;

- 4.1.4 to respect and protect the legitimate land tenure rights of others in accordance with the Illovo Group Guidelines on Land and Land Rights (available on the Illovo website at [www.illovosugar.com](http://www.illovosugar.com));
  - 4.1.5 to adhere to the principle of free, prior and informed consent in all dealings with the local communities in the areas in which our businesses operate;
  - 4.1.6 to seek, wherever possible, to avoid or minimise adverse impacts resulting from their activities are minimised and justly and fairly compensated; and
  - 4.1.7 to require that all Suppliers adhere to the same principles.
- 4.2 This requirement extends to our Suppliers, who are also required to adopt a similar approach throughout their supply chains.

## 5 **LABOUR**

As a significant employer of labour in the countries in which it operates, Illovo recognises workers rights to freedom of association and the right to collective bargaining, is committed to the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of unfair discrimination in respect of employment and occupation.

### 5.1 **Freedom of Association and the Right to Collective Bargaining**

- 5.1.1 Workers' representatives should not be discriminated against and should be allowed to carry out their representative functions in the workplace in accordance with recognition agreements concluded between management and the respective trade unions.
- 5.1.2 Where the right to freedom of association and collective bargaining is restricted under law, the development of parallel means for independent and free association and bargaining should not be precluded.

### 5.2 **Safe Working Conditions**

- 5.2.1 A safe working environment must be provided, having regard to the particular industry and any specific hazards. Adequate steps must be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of, work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 5.2.2 Workers should receive regular and recorded health and safety training.
- 5.2.3 Accommodation, where provided, should be clean, safe, and meet the basic needs of the workers.
- 5.2.4 Responsibility for health and safety should be assigned to a senior management representative.

### 5.3 **Forced and Child Labour**

- 5.3.1 Illovo does not permit the use of any form of forced labour or child labour in any of its operations, or by any of its Suppliers, all of whom are required to comply strictly with the Illovo Child Labour and Forced Labour Guidelines (available on the Illovo website at [www.illovosugar.com](http://www.illovosugar.com)).
- 5.3.2 However, Illovo recognises the distinction drawn by the ILO between child labour (which Illovo does not allow) and child work. It is aware that the social and economic circumstances in some countries are such that the economic unit is the family as a whole and that circumstances dictate that everyone in the household makes some contribution to the economic activity. Therefore, in relation to family and smallholder farms and businesses, it is acknowledged that light work may be carried out by children under the age of 15 years, but Illovo accepts this situation only on condition that there is compliance with the ILO conditions, ie, that they do not handle hazardous tools, chemicals, or perform physically dangerous tasks, and that such work does not interfere with their education or physical, emotional or psychological well being.
- 5.3.3 Persons under the age of 18 years should not be employed at night or in hazardous conditions.

### 5.4 **Living Wages**

- 5.4.1 Wages and benefits paid for a standard working week should meet, at a minimum, national legal standards.
- 5.4.2 Before they enter employment, all workers should be provided with written and understandable information about their employment conditions and wages.
- 5.4.3 No deductions from wages as a disciplinary measure, or any other deductions not provided for by law, should be permitted without the express permission of the worker.
- 5.4.4 All disciplinary measures should be recorded.

### 5.5 **Working Hours**

Working hours should comply with national laws and benchmark industry standards.

### 5.6 **No Unfair Discrimination**

Save as provided for in terms of any applicable labour law (such as the Broad-based Black Empowerment Act and the Employment Equity Act in South Africa, or any like transformational law) there should be no unfair discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## 5.7 **Employment Contracts**

Workers should be engaged in terms of a recognised employment relationship, established through national law and practice. Obligations to employees under labour laws and regulations should not be avoided through the use of labour-only contracting, subcontracting, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, or through the excessive use of fixed-term contracts of employment, save where the work performed is by its nature, seasonal or for a limited period (eg, seasonal cane cutters in agricultural operations).

## 5.8 **No Harsh or Inhumane Treatment**

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.

## 6 **QUALITY**

Illovo is committed to providing high-quality sugar and co-products that are safe and free from ingredients or defects that could harm or threaten human life and health, suitable for their intended use, comply with all the relevant safety, health, environmental and quality legislation and industry best practice standards, and are accurately and properly labelled and advertised.

## 7 **INFORMATION**

7.1 The confidentiality of information exchanged in the course of business dealings with Illovo must be safeguarded and must never be used for illegal purposes or for individual gain.

7.2 False or misleading information must not be given in the course of any commercial negotiations or dealings.

## 8 **BRIBERY AND CORRUPTION**

8.1 Illovo has adopted an Anti-Bribery and Corruption Policy which may be viewed on our website at [www.illovosugar.com](http://www.illovosugar.com).

8.2 Illovo adopts a zero tolerance approach to all forms of bribery, corruption and unethical business practices.

8.3 The offering, paying, soliciting or accepting of bribes or kick-backs, including facilitation payments, is strictly prohibited.

8.4 A bribe includes giving or offering any form of gift, consideration, reward or advantage to someone in business or government in order to obtain or retain a commercial advantage, or to induce or reward the recipient for acting improperly, or where it would be improper for the recipient to accept the benefit. Bribery includes the offer or giving of a bribe through a third party, eg, an agent, representative or intermediary. Examples of bribery include the following:-

- 8.4.1 lavish gifts, meals, entertainment or travel expenses, particularly where they are disproportionate, frequent or provided in the context of on-going business negotiations;
  - 8.4.2 cash payments, loans, loan guarantees or other credit;
  - 8.4.3 the provision of a benefit, such as an educational scholarship or healthcare, to a member of the family of a potential customer or government official;
  - 8.4.4 providing a sub-contract to a person connected to someone involved in awarding the main contract; and
  - 8.4.5 contracting with a company owned by a member of the family of a potential customer, or government official.
- 8.5 Facilitation payments (ie, payments or fees requested by government officials to speed up or facilitate the performance of routine government action (such as the provision of a visa or customs clearance)) are strictly prohibited.
- 8.6 Suppliers and their employees must comply with Illovo's Anti-Bribery and Corruption Policy as well as with all applicable anti-bribery and corruption laws of the countries in which they operate. If no such anti-bribery or corruption laws have been enacted, or are of a lesser standard to that prescribed in the UK Bribery Act 2010, Suppliers must adhere to the UK Bribery Act 2010.
- 8.7 Suppliers should have in place anti-corruption and bribery procedures designed to prevent their employees and persons associated with their businesses from committing offences of bribery or corruption. They must properly implement these procedures and review them regularly to ensure that they are operating effectively.

## 9 **POLITICAL CONTRIBUTIONS OR ACTIVITIES**

- 9.1 It is Illovo's policy to remain apolitical. Illovo does not make contributions of company funds to political parties or candidates, nor does it solicit contributions for political causes, parties or candidates from its employees or others.
- 9.2 The use of the company's time, equipment, property or other assets in the conduct of, or in relation to, political activities of any nature is prohibited.

## 10 **ENVIRONMENTAL MANAGEMENT**

- 10.1 Illovo supports and encourages operating, manufacturing, farming and agricultural practices and production systems that are sustainable.
- 10.2 As an environmentally sensitive business, Illovo supports a precautionary approach to environmental challenges and is committed to promoting environmental responsibility and encouraging the development and diffusion of environmentally friendly technologies in our operations.

- 10.3 Suppliers should adopt a precautionary approach to environmental challenges and continually strive towards improving the efficiency and sustainability of their operations, including water conservation programmes, initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.
- 10.4 The following aspects of environmental management will be included in the assessments of Suppliers:-
- 10.4.1 they should be aware of, and be able to demonstrate compliance with all current environmental legislation that may affect their activities;
- 10.4.2 they should conduct an environmental review of all aspects of their products and services.
- 10.5 Any enforcement, improvement or prohibition notices served on a Supplier within the last three years by any competent authority must be disclosed and will be reviewed.

## 11 **AUDIT AND TERMINATION OF AGREEMENTS**

By agreeing to contract with Illovo, a Supplier acknowledges and agrees that:-

- 11.1 Illovo reserves the right to verify compliance with this Code by its Suppliers through reviews and audits from time to time; and
- 11.2 where such a review or audit demonstrates shortcomings in any of these areas, or if Illovo becomes aware of any act or omission in breach of this Code, Illovo reserves the right either to require the Supplier to take corrective actions, or to terminate its agreement with the Supplier concerned.