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Armcor's Executive Committee has approved the Code of Conduct and Ethics document. All employees are requested to familiarise themselves with this important document.

1. CODE OF CONDUCT

1.1. PURPOSE

The purpose of this code of conduct and ethics document is to provide a guideline to decision making and to commit Armcor and its employees to certain acceptable behaviours. It is the general duty of all employees to fulfil their contractual obligations to the employer, to exercise due care and skill in their work, and to avoid conflicts of interest with their employer, contractors and clients. It is also the general duty of the employer to fulfil its contractual obligations to its employees, to consider the best interests of stakeholders, and to exercise due

care and skill in decision making. In support of these duties, Armscor has developed internal policies and procedures to guide conduct and enforce the minimum standards. These standards are designed to be in accordance with South African legislation and regulations. Practical decision-making often requires the balancing of competing interests, particularly when dealing with unforeseen circumstances. This means a balance of interest for key stakeholders when making decisions in accordance with our values. Where there is any question regarding the ethics associated with a contemplated decision or action, every employee should follow the guidelines below:

- i. Is this decision/action legal?
- ii. Are you acting in terms of the conditions of your employment contract?
- iii. Does this decision/action comply with our policies and procedures?
- iv. Is this decision/action consistent with our values?
- v. Does the decision/action feel right?
- vi. Would you be happy if your manager, supervisor or colleagues knew about this decision/action?
- vii. Would you be happy to have this decision/action published on the front page of the newspaper?
- viii. Would you repeat this decision/action in front of other people?

If the answer to all abovementioned questions is “yes”, then it is likely that the particular decision or action is in accordance with our values. In the event of uncertainty as to the most appropriate course of action, it is recommended that guidance should be obtained from management.

1.2. APPLICABILITY OF THE CODE

The Armscor’s Code of Conduct is for everyone working for and with Armscor i.e. employees, contractors and suppliers. Armscor expects its suppliers and contractors to uphold the same standard and to abide by the code of conduct and ethics.

1.3. CONSEQUENCES OF NON-COMPLIANCE

There are consequences of not complying with Armscor’s Code of Conduct and Ethics.

1.4. ARMSCOR EXPECTS ITS EMPLOYEES TO:

- a) Behave in an ethical manner when taking actions and decisions
- b) Comply with the principles and rules of Armscor's Code of Conduct and Ethics, and to fulfil the legal and regulatory obligations
- c) Understand and apply Armscor's values in execution of their duties
- d) Speak up if they feel a working practice is not ethical or safe or if it breaches the code of conduct and ethics policy



2. ETHICAL CONDUCT

2.1. STAKEHOLDERS

With the above practical guidance in mind, Armscor commits to abide by the following code of conduct and ethics when dealing with stakeholders:

2.1.1. CLIENT (S)

- a) Act justly, fairly and in the best interest of the State
- b) Render a responsible, effective and competent service
- c) Constantly strive to improve the quality of products and services
- d) Build a trusting relationship with clients
- e) Strive to deliver consistent performance
- f) Uphold the letter and spirit of agreements Armscor is party to
- g) Protect the confidentiality of information in accordance with the law and prescribed practices

2.2. EMPLOYEES' RESPONSIBILITIES

Every Armscor employee is expected to adhere to the following principles:

- a) Respect the dignity of each employee
- b) Act in the best interests of Armscor and its clients

- c) Maintain the confidentiality of Armscor and its clients
- d) Communicate objectively, truthfully and accurately
- e) Protect and enhance Armscor's assets
- f) Maintain Armscor's reputation in accordance with its values
- g) Respect the tradition and culture of all people
- h) Take accountability for their decisions
- i) Produce and maintain accurate records where required
- j) Embrace continuous learning as a way of working and developing themselves
- k) Acknowledge differences and work together to create solutions
- l) Recognise that individual and corporate success is dependent on teamwork
- m) Always conduct themselves in a professional and courteous manner
- n) ¹Not hold a political office that would influence their normal day to day work at Armscor
- o) Behave in a way that will not compromise or jeopardise the image, integrity and credibility of Armscor, whether acting in a professional or personal capacity

2.3. MANAGERS' RESPONSIBILITIES

- a) Respect the dignity of each employee
- b) Respect the right to freedom of association and expression
- c) Keep employees' personnel details confidential
- d) Recruit and promote employees in accordance with established labour law practices
- e) Develop skills and competencies of employees in line with the needs of the organisation
- f) Create an environment of continuous learning as a way of training and developing employees
- g) Communicate in an open, transparent, honest and timely manner
- h) Not allow any discrimination, intimidation, victimisation or harassment of employees
- i) Create the climate and opportunity to report concerns and irregularities safely and without fear of retribution or victimisation

¹ In accordance with the Conditions of Employment Practice, employees may not during the course of their employment accept a nomination or be elected as a member of any political party and/or political body of government without prior approval.

- j) Maintain sound and fair labour practices and apply codes of good practice
- k) Provide a healthy and safe working environment
- p) Not misuse his/her position or Armscor's name to obtain goods, materials or services for personal use or benefit on terms that are not available to the general public or other employees
- q) Not allow any discrimination, intimidation, victimisation or harassment of employees



3. PROCEDURE

All employees are expected to be familiar with their role and duties including Armscor's internal policies, practices and procedures. Failure to comply with the internal policies and practices will be considered misconduct and employees may be subjected to disciplinary action. The Code of Conduct is not intended to comprise an exhaustive list of what constitutes ethical conduct, nor is it intended to contain a comprehensive list of offences or contraventions on which Armscor will take appropriate action. However, the document serves as a guideline to decision making and accepted behaviours in the workplace.

3.1. COMPLIANCE WITH LAWS AND REGULATIONS

- 3.1.1. At all times those who serve Armscor shall comply fully with the laws of any country in which Armscor operates.

3.1.2. Armscor will adhere strictly to best business practice in every area of its activities.

3.1.3. All employees of Armscor will comply with the professional codes that govern their conduct.

3.2. CONFLICT OF INTEREST

3.2.1. Conflicts of interest between an employee's obligation towards Armscor and his or her personal interests are among the most common types of ethical issues faced by organisations. Both Armscor and its employees share the responsibility for protecting the organisation against any harm arising from real or perceived conflicts of interest.

3.2.2. To help achieve this end, all those working for Armscor will at all times conduct themselves in a manner that enhances the reputation of Armscor and shall not put themselves in a position that could lead to possible or perceived conflict of interest. Whenever a potential conflict arises, personal interests must yield to the best interests of Armscor.

3.2.3. All existing and new employees of Armscor will be required to declare annually any outside business interests and provide details of any changes in the future.



4. INFORMATION AND PERSONNEL SECURITY

Classified and or sensitive defence information and matériel must be protected against unauthorised access, loss or compromise. Employees must ensure that: matters requiring the application of security measures (i.e. where exempted from disclosure) are classified. Classified documentation in Armscor and the defence-related industry is identified,

marked, securely stored and communicated, distributed and destroyed in a prescribed secure manner.

4.1. PROJECT SECURITY (PROJECTS)

Armcor expects its employees to protect all classified information conducted in research, development, acquisition projects and related activities.

4.2. INDUSTRIAL SECURITY

Classified information and matériel in the position of contractors must be protected against unauthorised access, loss or compromise.

Classified information may not be released to contractors whose Facility Security Clearance (FSC) status does not correspond with the security classification of the information, unless specifically authorised by Armcor Security Division (ASD). Every supplier who must get involved in classified defence related work should obtain a FSC from ASD.

4.3. PERSONNEL SECURITY

4.3.1. To ensure each person's security competence, all personnel having access to security classified defence information or matériel must have a security clearance issued by the South African National Defence Force Defence Intelligence. The level of security clearance must correspond to or be greater than the security classification of the relevant information or material to be accessed. All Armcor personnel must have a security clearance.

4.3.2. Security awareness of personnel must be maintained to protect them against subversive influences such as bribery, blackmail, intimidation and other criminal activities, which could impact negatively on their security competence.

**AND SAY NO TO
BRIBERY AND CORRUPTION
IN BUSINESS**

5. BRIBERY, GIFTS, ENTERTAINMENT AND FAVOURS

- 5.1. Employees of Armscor should avoid placing themselves under any financial, material or other obligation to outside individuals or organisations that may influence their performance of official duties or exercise of their decision or execution of authority delegated to them.
- 5.2. A high premium is placed on a person's judgement in handling business related transactions with regards to gratifications. Employees must exercise the utmost care and judgement in giving or receiving business related gifts, hospitality and favours.
- 5.3. Employees should exercise particular caution with regards to any offers of value, including hospitality, entertainment and gifts when Armscor is negotiating or considering contracts and they are in a position to influence, directly or indirectly, the outcome of a decision. It is important not to give any impression that there may be an improper connection between any gift or hospitality and business opportunities. Disclosure is very pertinent in these circumstances. It is important to make your line manager aware of any gift of any significance so as to ensure transparency and avoid any suggestion of conflict of interest.



6. WHISTLEBLOWING AND FRAUD

- 6.1. To enhance good governance and transparency, Armscor's Whistle – blowing procedure aims to provide a channel for any person (employee/ contractor/client/external party) to raise concerns and report on fraud, corruption (monetary bribes, kickbacks, gifts, etc.), theft, financial malpractice or any other unlawful or irregular conduct occurring in the company.
- 6.2. Whistle–blowing is not about informing in a negative, anonymous sense. It

is about expressing concern about malpractice in an organisation. Whistle-blowing is instituted to facilitate the disclosure of an investigation into matters of serious wrongdoing in or by Armscor, while at the same time protecting those who make disclosures of information about serious misconduct in Armscor.

6.3. FRAUD PREVENTION

6.3.1. Fraud prevention is a holistic activity and therefore a shared function across a number of departments and committees across Armscor. However, the investigation of fraud itself and the subsequent recommendations from such investigations emanate from the Internal Audit Department, which reports directly to the Chief Executive Officer (CEO).

6.3.2. All fraud and related irregular activities reported, either through Whistle Blowers Hotline, Compliance and Risk Division and Internal Audit, are authorised for investigation through the office of the CEO and the outcome of such investigations, inclusive of recommendations, are reported to the Executive Committee and the Audit and Risk Committee.

6.4. WHISTLE BLOWING REPORTING

Armscor uses an external fraud reporting line hosted by Whistle Blowers (Pty) Ltd. Whistle Blowers is an independent subscription service, offering a 24/7 free call facility, enabling employees or third parties to anonymously blow the whistle on irregularities within Armscor.

Employees and third parties are encouraged to use the service to report on fraud, irregularities, ethical issues and SHE related incidents anonymously.

6.4.1. REPORTING CHANNELS:

- Reporting can be done by: telephone, email, SMS facility, fax facility and postal
- 24hr call centre fielded by multilingual operators
- Guaranteed anonymity and protection of the whistle-blower, by using code names

6.4.2. REPORTING ON IRREGULARITIES:

- All received disclosures are categorised into high, medium or low priority and are subsequently reported in the appropriate manner

within an agreed time period

- Only designated people with adequate credibility and authority within Armscor will receive the reports
- The identity of the whistle-blower is protected at all cost

6.4.3. REPORT FRAUD ON:

Toll Free Number: 0800 111 786

Fax: 086 52 22 816

Email: armscor@whistleblowing.co.za

Website: www.whistleblowing.co.za

SMS: 33490

Postal: PO Box 51006, Musgrave, 4062