

Statement of continued support by the Executive

Statement of the company's Group executive (CEO or equivalent) expressing continued support for the Global Compact and renewing the company's ongoing commitment to the initiative and its principles.

10 March 2015

To our stakeholders:

I am pleased to confirm that South African Post Office SOC Limited reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business Strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Twiggs Xiphu

Human Rights

Assessment, policy and goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

The South African Post Office (SAPO) abides by the constitution of South Africa, which addresses human rights on a broad basis; Compliance to the constitution is addressed by some acts that are part of the risk assessment of SAPO, these include the Protection of Constitutional Democracy against Terrorist and Related Activities Act

(POCDATARA), 33 of 2004 and protection of personal information bill, of 2009 amongst others.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

The South African Post Office (SAPO) has a grievance mechanisms that addresses all employees complaints, this also include human rights violations. SAPO celebrates Human rights day in South Africa through education and awareness on human rights issues. An internal publications is circulated to all staff to mark the awareness

Measurement of outcomes

Description of how the company monitors and evaluates performance.

The South African Post Office (SAPO) deals with grievance through the internal conciliation committee. Unresolved disputes are referred to the Commission for conciliation, mediation and arbitration (CCMA). Outcomes of grievance are reviewed by management reported to human capital management in SAPO.

Labour

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

The South African Post office (SAPO) has adopted the following acts:

- Labour relations act, no 66 of 1995,
- Basic conditions of employment act, no 75 of 1997

- Employment equity act, no 55 of 1998

SAPO has adopted these acts and derived several policies which include but are not limited to the employment equity policy and the disciplinary code. The employment equity principle is also adhered to in the company through the freedom of association of trade

Unions, and the right to collective bargaining, through written policies and contracts of the employees' rights and responsibilities with regards to employee benefits and compensation.

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

The processes that address the labour relations are through the grievance mechanism, where the process addresses any matter ranging from the labour to human right issues of employees.

The Post office has a wellness business unit that looks at the employee's well-being, from physical to psychological needs. The unit raises awareness and training of matters relating to issues that affect the employees. Consultation is also provided where there is a qualified doctor who assesses the employees' well-being.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

The South African Post Office monitors and evaluates performance by demographics and reviews of equity in terms of race, gender and disability. The results are disclosed on the company's annual report.

Environment

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

In 2008 the Sustainability unit in the Post Office was established, the unit focuses on environmental issues resulting from the company operations.

The environmental policy addresses issues that the company has impacts on, these falls under the soil, air and water (SAW) programme, which addresses carbon, water, energy and waste management. The post office has an environmental strategy in place, which highlights six pillars that the company follows in terms of caring for the environment.

Pillars of the strategy

The environmental strategy is based on 6 strategic pillars. Each pillar goes to meeting the goals of the strategy and to delivering the environmental sustainability vision of the group:

Protect the environment

Minimize our impact on the environment

Utilize our non-renewable resources in a sustainable way

Pursue sustainable management practices

Partake in the national debate surrounding sustainable development

Environmental sustainability performance continuous improvement

From the environmental strategy, targets are set for the areas that the company is

Focusing on.

- Carbon – reduce 2.5% of carbon emissions from prior fiscal year
- Energy – reduce energy consumption in buildings 3% over prior fiscal year.
- Water – reduce water consumption in buildings by 3% over prior fiscal year.

- Waste – reduce paper consumption by 2.5% over prior year; Recycle 95% of paper used and recycle all cartridges used.

The company discloses to the forums below, where the performance of SAPO in terms of environmental performance is made available to the public.

1. International post corporation environmental measuring and monitoring system (IPC EMMS).
2. Carbon disclosure project (CDP)
3. Universal post union (UPU) GHG protocol

The company is a member of the international post corporation (IPC) environmental measuring and monitoring system (EMMS), of which 23 postal sectors across the world are part of, we disclose to the IPC and ranked in terms of environmental performance. The company also discloses voluntarily to the carbon disclosure project (CDP) and to the universal postal union.

Implementation

Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

The environmental performance and responsibility of every employee is included in the business balanced scorecard (BBS), this is a performance evaluation which looks at the overall performance of the employee, looking at the targets the employee is to attain for that period. The BBS is evaluated on a quarterly basis. Environmental awareness and training is offered to employees, this is done through events, the company's internal communication channels and through presentations that are given on a specific programme.

- Awareness training for employees conducted for specific issues that the company deems to be important (Energy, water, recycling and climate change).
- Recycling of used paper, cardboard, glass and cans is part of the strategy. The paper and cardboard recycling is done nationally.

- Light retrofitting of old lights with energy efficient lighting, this is the first phase of the energy efficiency project that the company is running.
- In the process of implementing an environmental management system (EMS) under the ISO 14001 standards.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

The Post office measures its employee's performance in regards to the environment through the business balance scorecard. Incidents are recorded on the Isometrics system. The company has a compliance office where all environmental acts are analyzed and a risk register is populated.

The outcome of the performance of the company is also measured in terms of the targets reached, then reported on in the annual report.

Anti-Corruption

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk- assessment). Description of policies, public commitments and company goals on anti- corruption.

The Post Office has the following policies in place: Anti money laundering (AML) policy (2013), which is derived from the financial intelligence centre act number 38 of 2001(FICA). It also has the fraud prevention plan (FPP) which is derived from the public finance management act number No. 1 of 1999 (PFMA). The FPP acts as a document that addresses zero-tolerance for corruption, bribery and extortion. The FPP also states the procedure and roles and responsibilities that every member of the Post Office should adhere to. The policy for anti-corruption of the company is also incorporated in other policies, which comprises of the following components:

- Commitment and adoption of zero tolerance by management
- Corporate policies of the company.
- Conditions of employment
- Code of ethical conduct
- Disciplinary code and procedure
- Procurement policy and procedure
- Delegation of authority

The policy is readily available on the company's internal communication channel e.g. the intranet. The policy states the roles and responsibilities of all stakeholders involved, from board of directors to the employees on the floor.

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-Corruption risks and respond to incidents.

The Post Office has employed accounting controls which checks that all transactions are processed and recorded correctly. The company has physical and logical security, which ensures that only authorised persons are allowed to secure areas; it controls high risk areas to prevent access to information.

Pre-employment screening is also done to ensure all necessary steps are taken prior to appointing them.

A toll free number (0800 020 070) to report incidents of fraud, corruption and extortion is available.

Communication is part of the awareness, where employees and other stakeholders are engaged on issues of crime and other related matters. Communication includes posters, bulletins, internal publication and electronic and print media.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

Response to fraud and corruption is done through investigation, disciplinary codes and procedures where appropriate action will be taken as remedial.

The Post Office monitors and measures the outcome through the investigation reports that are compiled after complaints are filed, through pre-employment screening, background checks are conducted and that is included in the employees' profile