17 June 2020

UN Global Compact – Statement of Continued Support

To our stakeholders

I am pleased to confirm that Hydro Power Equipment (Pty) Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of:

- Human Rights
- Labour
- Environment
- 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 primarily on the UN Global Compact Website and in our standard channels of communication where applicable.

Yours sincerely

André Swart
CEO

Communication on Progress:

June 2019 – June 2020

Human Rights

Principles observed:

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2 – Make sure that they are not complicit in human rights abuses

- *Women and Gender Equality*
- *Children's Rights*
- *Indigenous Peoples*
- *Persons with Disabilities*
- *Human Trafficking*

Assessment and Policy

HPE has renewed its Human Right's Policy and thereby commits to maintain a work environment that is free from any form of discrimination against people based on:

- Race
- Gender
- Disability
- Indigenous People
- Minorities
- Children

HPE employees have the following rights entrenched in their employment with HPE:

- Right to join/form unions
- Right to collective bargaining
- Staff hired, paid and promoted based solely on their relevant competencies
- Fair payment for work regardless of sex
- Health and Safety commitment in procedures and working environment

Our suppliers are selected based on a common understanding and observance of these rights. The supplier requirements for doing business with HPE are outlined in our Supplier Guidelines. HPE will not condone in its own operations and associations any form of:

- **Slavery**

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- **Abuse of children's rights**

Human Right Goals and Implementation for the period June 2020-June 2021

- *HPE* Re-evaluate HPE's Human Rights Policy to determine validity to current world guidelines
- *HPE* Re-evaluate HPE Supplier Guidelines to determine validity to current business operations
- *HPE* Enforce HPE Human Rights Policy with refresher training sessions to staff
- *HPE* Audit HPE Suppliers to ensure adherence to and awareness of HPE Supplier Guidelines

Measurement

Adherence to and completing the:

- *HPE* Involvement of stakeholders in reviewing the Human Rights Policy
- *HPE* Training schedule for staff training
- *HPE* Supplier audits

Labour

Principles observed:

Principle 3 – Businesses should uphold freedom of association and effective recognition of the right to collective bargaining

Principle 4 – The elimination of all forms of forced and compulsory labour

Principle 5 – The effective abolition of child labour

Principle 6 – Eliminate discrimination in respect of employment and occupation

Assessment and Policy

HPE displays the rights of employees and the required regulations in the workplace for employee awareness.

Suppliers are made aware of these requirements in a formal assessment.

Labour Goals and Implementation for the period June 2020-June 2021

HPE Compilation of formal policy on Labour Rights within the workplace and stakeholder network.

Measurement

HPE Compilation of UN Global Compact guided policy on Labour Rights
HPE Training on the Labour Rights Policy
HPE Labour Right complaints – measurement and successful handling thereof
HPE Labour Legal Register – current and implemented within company

Environment

Principles observed:

Principle 7 – Business should support a precautionary approach to environmental challenges

Principle 8 – Undertake initiatives to promote greater environmental responsibility

Principle 9 – Encourage the development and diffusion of environmentally friendly technologies

Assessment and Policy

HPE has completed its first Carbon Footprint Report for the last financial year. This has enabled the company to identify areas of concern and put in place targets for the next financial year.

HPE has continued to implement a preventive rather than clean-up mentality with regard to our procedures and working environment.

Our product range is continually developed to ensure that our products minimise pollution and are environmentally friendly especially within our predominant mining market.

Environment Goals and Implementation for the period June 2020-June 2021

HPE Review Environmental Impact Reports
HPE Review Emergency Plans
HPE Ensure adherence to national and local environmental legislation
HPE Refresher training for staff on environmental issues

Measurement

HPE Legal Register – current and implemented within company

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1828

Anti-Corruption

Principle observed:

Principle 10 – Business should work against all forms of corruption, including extortion and bribery

Assessment and Policy

HPE continually strives to ensure that its business operations are conducted in an ethical manner and respects all its stakeholders. The main objectives in this regard are:

- **HPE** Will not allow corruption in any form within its operations
- **HPE** Use confidential or proprietary information to receive an advantage in the workplace
- **HPE** Collude or be involved in price fixing

Anti-Corruptions Goals and Implementation for the period June 2020-June 2021

- **HPE** Review and update Anti-Corruption Policies and Guidelines

Measurement

- **HPE** Retrain staff on these guidelines

Sustainable Development Goals

SDG 1 – End Poverty in all its forms everywhere

HPE has continued to focus on the local community to utilise Suppliers that are located within a 100 km radius of its business operations.

At remote workshops HPE makes use of people within the local community for employment.

In response to the COVID-19 pandemic HPE has also sourced local suppliers for items required for operating requirements and protection of employees and other stakeholders.

SDG 3 – Ensure healthy lives and promote well-being for all at all ages

HPE has obtained formal Health and Safety accreditation (ISO 45001) for its health and safety and management system.

Emergency planning and training has been performed at our facilities.

Medical surveillance for staff for work related exposures.

A COVID-19 response plan has also been formulated and training and required PPE issued to staff.

SDG 4- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Apprentice scholarships are ongoing.

Health and Safety formal training is also implemented for appointed personnel

SDG 5 – Achieve gender equality and empower all women and girls

HPE has continued to utilise suppliers that have a high female ownership.

HPE has also appointed a female director to its board which ensures that 25% of the board has female representation.

SDG 6 – Ensure availability and sustainable management of water and sanitation for all.

HPE test facilities make use of a closed water system allowing the water to be recycled and reused.

Workplace sanitation is available and access to bathrooms and washrooms is required.

Clean drinking water facilities are also available to employees.

Increased sanitising has been made available in response to COVID-19

SDG 8 – Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all

And

SDG 10 – Reduce inequality within and among countries

Continued use of a local supply chain ensuring the economic sustainability of the area.

Payment of wages/salaries in accordance with the relevant industry guidelines and scales. These are reviewed as required.

All facilities are maintained to ensure that staff can fulfil their function in a suitable environment.

Ensure that HPE partners with suppliers that conform in these requirements.

SDG 12 – Ensure sustainable consumption and production pattern.

HPE products have no negative impacts on the environment.

All components used can be recycled in approved waste streams at the end of its life cycle.

During manufacture appropriate waste streams are utilised and general waste in minimised to only those that can go to landfill.

HPE transport and delivery schedules are developed to optimised fuel usage and ensure that our carbon footprint remains as low as possible.

Deliveries from suppliers are also scheduled to ensure that third party emissions are also controlled.

SDG 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

HPE Social and Ethics Committee continues to assist staff to work in a manner which is both transparent and ethical.

Staff are encouraged to report unethical behaviour and where appropriate the necessary corrective action is put in place

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