

REUNERT

REUNERT LIMITED

REUNERT
ANTI-CORRUPTION GROUP
POLICY

APPROVED BY THE SOCIAL, ETHICS AND TRANSFORMATION
COMMITTEE ON 13 AUGUST 2018

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Reunert anti-corruption group policy

1. Group policy

The Reunert board and employees in the Reunert group must conduct business ethically and comply with the law. All officers and employees of the Reunert group must refrain from participating in corruption.

Disciplinary steps will be taken against any person that does not abide by this policy.

The group further requires that its business partners do not engage in corruption and will not be associated with parties that engage in corrupt practices.

This policy replaces any previous policies in the Reunert group relating to corruption.

What is corruption?

Corruption, in summary, is giving anything of value **to entice** someone to fulfil that person's duties in a particular manner, or to accept or solicit anything of value **to fulfil** one's own duties **in a particular manner**. This includes facilitation payments, "gifts" and "tips" that are intended to influence a particular outcome. (More information on the definition of corruption is contained in **Annexure "A"**.)

The relevant South African legislation in this regard is the Prevention and Combatting of Corrupt Activities Act No 12 of 2004 (in the interest of brevity referred to as "**PRECCA**"). Note that:

- PRECCA applies to both the public and private sectors, including transactions or relationships that involve only private parties; and
- PRECCA applies to activities of South African companies both within as well as outside of South Africa, and to foreign entities doing business in South Africa.

South African companies are also impacted by legislation in other jurisdictions, such as the USA's Foreign Corrupt Practices Act and the UK's Bribery Act. Both these pieces of legislation have a near-universal application, allowing for the prosecution of individuals or companies with links to the USA or UK, regardless of where the corruption was perpetrated.

Businesses with international links are cautioned that international anti-corruption legislation is complex and the definition of corruption may differ from South Africa. Executive management teams must ensure that the application of such legislation is understood and pro-actively complied with.

The term "corruption" as used in this policy refers to both national and international legislation.

2. Rational for this policy

The consequences of participating in corruption can be far-reaching, both for an individual involved, the business involved and the Reunert group. The purpose of this policy is therefore to combat corruption and similar behaviour by any person employed by or representing the Reunert group, for the protection of all its employees and officers, in the interest of the long-term sustainability of the business.

This policy is issued pursuant to Reunert group's ongoing commitment to conduct business ethically, as underpinned by good governance and responsible business practices.

3. Specific action required from top and senior management to combat corruption

This remainder of this policy applies to members of top and senior management (collectively referred to as “**the executive**” or “**executive team**”) of Reunert Limited and any of its subsidiaries.

3.1 Tone at the top

Reunert’s Values and ethical culture forms the foundation of preventing corruption in the group and in Reunert’s interaction with its business partners.

Much of the anti-corruption legislation relates to behaviour that individuals should recognise as morally “wrong”. Therefore, the risk that employees will participate in corruption (or any other crime of which dishonesty is an element) is mitigated by the general principles of ethical and values-driven governance, led by executive management. The executive is required to behave ethically at all times and to lead by example.

3.2 Duty to prevent corruption

Members of executive management, jointly and individually, have a duty to prevent corruption in the businesses they manage.

3.2.1 **Obligation in terms of this policy: Managing directors are required to provide annual written confirmation that they have ensured that the necessary processes are in place to comply with anti-corruption legislation and the provisions of this policy.**

3.3 Prevention of corruption

Business unit managing directors have the discretion to decide on the processes, systems and controls to put in place in order to prevent participation in corruption by their employees or third parties associated with their business, but are obliged to address at least the matters listed below.

3.3.1 **Obligation in terms of this policy: Each business unit must:**

- Consider the risk of corruption as part of the business’ regular risk management process and to address this risk appropriately in accordance with the business’ risk management policy;
- Obtain legal advice from the Reunert Group Legal Counsel or relevant legal specialist(s) in the event that the business is unsure of the application or interpretation of local or international anti-corruption legislation;
- Implement a gift policy and gift register;

- Inform and educate relevant staff on the provisions of local and, to the extent applicable, international, anti-corruption legislation and the consequences of contraventions thereof; and
- Have procedures in place requiring staff to inform the managing director of any suspected or actual contravention of anti-corruption legislation.

3.4 Duty to report corruption and crimes of dishonesty

PRECCA imposes a duty¹ on persons in a position of authority to report contraventions of PRECCA (and related crimes) involving an amount of R100 000 or more. The report must be made to a police official in the Directorate for Priority Crime Investigation.

Executives are therefore cautioned that, even if not in any way involved in corruption committed by an employee of the business, executives will nevertheless be committing an offence if the contravention of PRECCA (or other crimes involving dishonesty listed therein) is not duly reported.

Executives are required to utilise the assistance of the Group Legal Counsel when reporting a crime or suspected crime to the Directorate of Priority Crime Investigation.

3.4.1 **Obligation in terms of this policy:** Managing directors are required to ensure that individuals reporting to him/her are made aware of their legal duty to report actual or suspected crimes involving dishonesty as set out in PRECCA² and that this legal duty is complied with, with the assistance of the Group Legal Counsel.

3.5 Contravention of anti-corruption legislation

In addition to the reporting discussed above, any executive member who becomes aware of an actual or suspected contravention of anti-corruption legislation must take action to restore the business to compliance. Each member of the executive must take or support the taking of at least the actions listed below.

3.5.1 **Obligation in terms of this policy:** The following minimum actions are required in the event that anti-corruption legislation is contravened, or if contravention is suspected:

- Advise the managing director of the business of the contravention as soon as practically possible;
- The executive management team of the business must implement any measures deemed appropriate to prevent a recurrence of the contravention;

¹ Section 34 of PRECCA

² Offences that must be reported are contraventions of PRECCA itself (ie instances of bribery and corruption) as well as the offences of theft, fraud, extortion, forgery or uttering a forged document

- The executive management team must cooperate fully with relevant law enforcers and Reunert management to investigate and resolve the matter; and
- The executive team must ensure that appropriate disciplinary action is taken against any employee involved.

In the event that an internal reporting requirement in this policy is to a person implicated in or suspected of corruption, the required reporting shall then be made to the implicated or suspected person's line manager.

3.5.2 Obligation in terms of this policy: Managing directors are required to take the following minimum actions in the event that anti-corruption legislation is contravened, or if contravention is suspected:

- Advise the Reunert Group Legal Counsel and the Reunert Chief Executive Officer of the relevant facts as soon as practically possible;
- In consultation with the Reunert Group Legal Counsel and the Reunert Chief Executive Officer, take steps to mitigate any potential threat to business-continuity, financial loss and/or reputational damage in respect of the business and the Reunert group.

3.6 Non-compliance with this policies

This policy is intended to assist businesses to mitigate the risk of non-compliance with anti-corruption legislation.

Disciplinary steps will be taken against any member of executive management in the Reunert group who does not comply with the requirements of paragraph 3 of this policy.

4. Recommendations to the executive

As Reunert's businesses are diverse, the obligations in this policy has been limited to generally applicable principles. Executive teams are strongly encouraged, however, to take the actions below in their mitigation of the business' corruption risk:

- Obtaining contractual commitments from suppliers, customers and business partners not to participate in corruption;
- If agents are used, ensuring that the agent is reputable and that any monies paid to the agent is commensurate with the services provided by the agent;
- Ensuring that information on the group's whistleblowing facility is readily available, internally and externally and that employees are educated thereon;
- Providing regular, formalised training to relevant employees on the provisions of the law and the policies of the business relating to corruption; and
- Foster openness and dialogue with material stakeholders promoting awareness and co-operation with the fight against bribery and corruption.

5. Interaction with other policy

Executives should bear in mind that more than one policy may apply in the event that a contravention of corruption legislation occurs, for example policies relating to communication with third parties and protected disclosures. To the extent that additional policies apply, these should be followed.

SALIENT FEATURES OF SOUTH AFRICAN ANTI-CORRUPTION LEGISLATION

The general offence of corruption

PRECCA provides³ for a “general” offence of corruption. It is illegal to:

- accept (or offer or agree to accept) any gratification from any other person, whether for the individual’s own benefit or the benefit of a third party; or
- give (or offer or agree to give to) any other person any gratification, whether for the benefit of that other person or a third party,

in order to act (personally or by influencing another) **in a manner** -

- that is illegal, dishonest, unauthorised, incomplete, or biased; or
- that amounts to misuse of information acquired in the course of the exercise of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation;

that amounts to-

- the abuse of a position of authority;
- a breach of trust; or
- the violation of a legal duty or a set of rules, designed to achieve an unjustified result; or
- any other unauthorised or improper inducement to do or not to do anything.

Specific offences

In addition to the “general” offence of corruption, PRECCA also provides for a number of “specific” offences, including, for example:

- Receiving or offering unauthorised gratification to perform any duty that is within the scope of an individual’s employment;
- Corrupt activities relating to contracts (whether with the private or public sector) including to improperly influence the promotion, execution or procurement of any contract;
- Corrupt activities relating to the procuring and withdrawal of tenders including inducement to award a tender to a specific person, or at a specific price or to be allowed to withdraw a tender already submitted.

Wide reach of legislation

It is worth noting that:

- Even where an attempt at corruption does not have the intended result, the participating parties would still be guilty of an offence;
- Even where the gratification is not given or received directly by the parties involved, but by or for a third party, the participating parties are nevertheless guilty of an offence.

³ The provisions of the legislation have been paraphrased. Please refer to PRECCA for the full definition.