

## Unitrans Insurance Anti-Corruption Policy

09 July 2014



<b>Policy:</b>	<p>Unitrans Insurance strictly prohibits bribery or other improper payments in any of its business operations.</p> <p>Unitrans Insurance is committed to conducting its business ethically and in compliance with all applicable laws and regulations in the jurisdictions in which it operates prohibiting improper payments to obtain a business advantage.</p>
<b>Purpose:</b>	<p>This document describes Unitrans Insurance's Policy prohibiting bribery and other improper payments in the conduct of Unitrans Insurance business operations and employee responsibilities for ensuring implementation of the Policy.</p>
<b>Scope:</b>	<p>This Policy applies to everyone at Unitrans Insurance, including all employees and agents or other intermediaries acting on Unitrans Insurance's behalf.</p> <p>Each employee of Unitrans Insurance has a personal responsibility and obligation to conduct Unitrans Insurance's business activities ethically and in compliance with the law. Failure to do so may result in disciplinary action, up to and including dismissal.</p>
<b>Responsibilities:</b>	<p>Every employee must ensure that you read, understand and comply with this policy.</p> <p>The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Unitrans Insurance. All employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.</p> <p>Employees must immediately notify either your Manager, the Forensic Audit Department or the anonymous line (Crime Call Anonymous) as soon as possible if you believe or suspect that a conflict with or breach of this policy has occurred, or may occur in the future.</p>
<b>Legislative Context</b>	<p>Prevention and Combating of Corrupt Activities Act.</p>

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## 1. POLICY

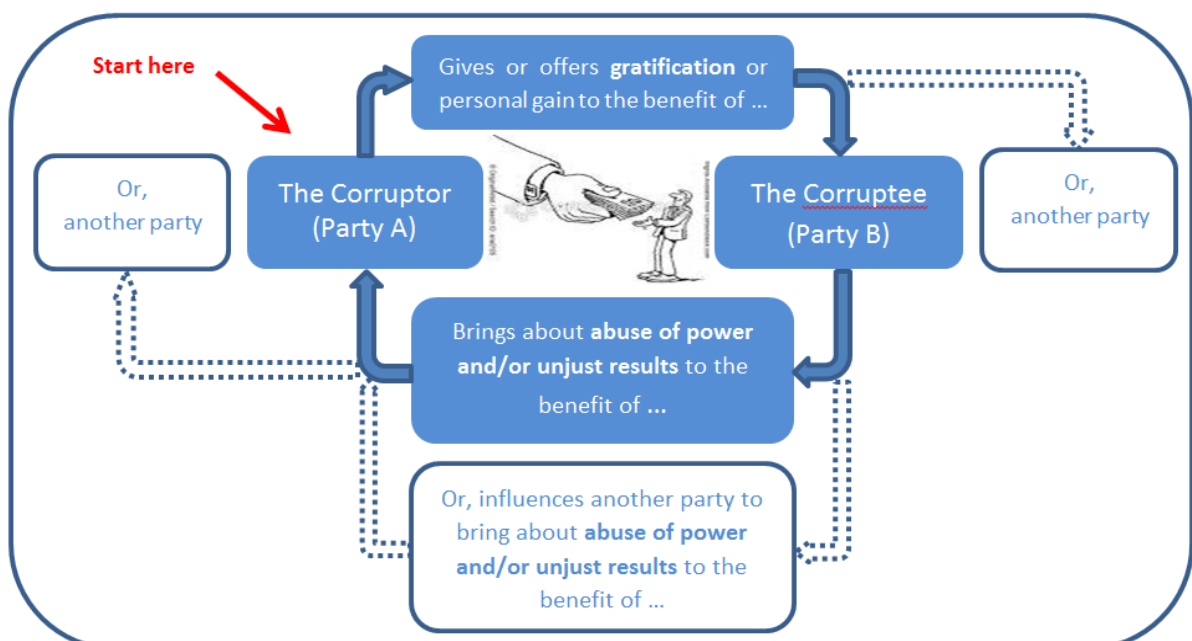
- 1.1. Unitrans Insurance strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and Unitrans Insurance to possible criminal prosecution, reputational harm or other serious consequences.
- 1.2. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. These payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and other legitimate activities directly related to the conduct of Unitrans Insurance's business that is governed under the Gifts Policy.

## 2. WHAT DOES THE LAW SAY?

In short the Prevention and Combating of Corrupt Activities Act says that:

Corruption occurs when one party gives another party **anything of value** with the purpose of influencing them to **abuse their power**.

The most common business example of corruption would be when a person pays a bribe or kickback to be awarded a contract. In this case the item of value (which the Act calls 'gratification') is usually money, and the abuse of power is that a contract is awarded to someone who is not the best or cheapest. The person who offers the bribe (the corruptor) as well as the person who accepts a bribe (the corruptee) will be guilty of corruption.



### The Act further highlights that:

- The parties can be people or organisations.
- If you bribe a public official in another country you can also be charged for corruption in South Africa.
- 'Gratification' does not have to be money. It can also be gifts, entertainment, loans, employment, or any other benefit.
- You don't actually have to hand over any 'gratification'. If you merely offer a bribe you are already guilty of corruption. Of course, this works both ways – if you simply ask for a bribe you are also guilty of corruption.
- If you are a business owner or senior manager, and you know of corruption, fraud, or extortion involving more than R100 000 and don't report it, you are guilty of a crime.
- The Act specifically criminalises corruption relating to tenders, contracts, agents, public officers and a number of other matters.

### 3. EXAMPLES OF CORRUPTION

Suppliers to Unitrans Insurance are probably most pressurised to get involved in corruption when it comes to getting contracts. The following examples are relevant:

- **Gifts, entertainment and expenses** – This is acceptable if they are reasonable, proportionate and made in good faith and in compliance with our company gift policy. If there is any intent to improperly influence someone it constitutes corruption.
- **Facilitation Payments** - Facilitation payments are a form of bribery made for the purpose of expediting or facilitating the administrative process of an employee, and not to obtain or retain business or any improper business advantage. Our strict policy is that facilitation payments must not be paid. We recognise, however, that our employees may be faced with situations where there is a risk to the personal security of an employee or his/her family and where a facilitation payment is unavoidable, in which case the following steps must be taken:
  - ❖ Keep any amount to the minimum;
  - ❖ Create a record concerning the payment; and
  - ❖ Report it to your line manager.

In order to achieve our aim of not making any facilitation payments, each Department within the Company will keep a record of all payments made, which must be reported to the Company Secretary, in order to evaluate the business risk and to develop a strategy to minimise such payments in future.

- **Procurement Process** - Supplier selection should never be based on receipt of a gift, hospitality or payment. When supplier selection is a formal, structured invitation for the supply of products or services (often called a 'tender'), it is most important we maintain documentation supporting our internal controls.

A tender process includes an invitation for other parties to make a proposal, on the understanding that any competition for the relevant contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, closed-door negotiations for the contract where a bidding process is open to all qualified bidders and where the sealed bids are in the open for scrutiny and are chosen on the basis of price and quality.

- **Political, Community and Charitable Contributions** - No employee is allowed to make political contributions from Company funds without authorization. Political contributions, as permitted by law, must be approved in advance by the CEO.

Contributions made by Unitrans Insurance to community projects or charities need to be made in good faith and in compliance with our Code of Conduct, this Anti-Corruption Policy and all relevant policies and procedures.

#### 4. RELATED CRIME

- **Anti-competitive practices (Price-fixing)**

##### **Price fixing - Agreeing with competitors to keep prices at a specific level.**

Competition between competitors is necessary to keep prices at a fair level. Where competitors agree to set their prices at a specific level, it is illegal. It is a specific form of corruption, but it also has its own law:

- The Competition Act (No. 89 of 1998) - there are also other forms of anti-competitive practices set out in the Competition Act,

##### **Other anti-competitive practices:**

- Agreeing not to approach each other's clients and markets.
- Colluding during tender processes - such as agreeing that everyone will win some tenders at high prices.

- **Fraud**

##### **Fraud - Deliberately deceiving or misleading someone to cause them some financial loss or other harm.**

Fraud differs from corruption in the following ways:

- One party is unknowingly deceived. With corruption both parties know what is going on and willingly participate.
- There is a perpetrator (the fraudster) and a victim (the person who is defrauded). With corruption both parties are guilty if they participate in the crime.

Fraud and corruption often go hand in hand – for example: *Submitting a false insurance claim (which is fraud) and paying the assessor to back up your submission (which is corruption).*

##### **Examples:**

- Paying with a forged cheque.
- The well-known 419 e-mail scams.
- Falsifying your accounting records to pay less tax.
- Making false insurance claims.

- **Extortion**

**Extortion - If someone tries to get some advantage from you by intimidating or threatening you.**

Extortion differs from corruption as follows:

- With corruption both parties agree to the act, but with extortion the one only agrees because he/she is being threatened or intimidated. There is therefore only one guilty party in extortion.

**Examples:**

- 'Blackmailing' someone.
- Knowing that you are innocent, a police officer says he will arrest you unless you give him money.

## **5. PROTECTION**

5.1. Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. Unitrans Insurance aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

5.2. Unitrans Insurance is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future.

Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform Forensic Audit Department immediately.

5.3. If the matter is not remedied, and you are an employee, you should raise it formally using the company's Grievance Procedure.

## **6. TRAINING AND COMMUNICATION**

6.1. Training on this policy forms part of the induction process for all new employees. All existing employees will receive regular, relevant training on how to implement and adhere to this policy.

6.2. All employees will be asked to formally accept conformance to this policy on an annual basis.

6.3. The Unitrans Insurance zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.