



FirstRand

ANTI-BRIBERY AND CORRUPTION POLICY

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1 INTRODUCTION

FirstRand, as a financial institution, trades in trust. The FirstRand code of ethics reflects the group's commitment to high levels of integrity and good governance in all business dealings.

The group's code of ethics informs its approach to combat bribery¹ and corruption². The group recognises the moral and legal hazards which arise when doing business, and therefore this policy outlines its position on bribery and corruption.

It is a criminal offence to offer or accept a bribe or be party to corruption. The group therefore seeks to prevent all instances of bribery and corruption within the organisation. Accordingly, FirstRand has zero tolerance for wilful and deliberate non-compliance and seeks to achieve full compliance with the letter and purpose of anti-bribery and corruption legislation and regulation.

The group's anti-bribery and corruption (ABC) policy is a supporting policy to the ABC framework and must be read in conjunction with the framework. The ABC policy furthermore forms the basis for the group's minimum standards relating to bribery and corruption risk management and compliance, as well as the operating procedures adopted by the various segments, operating businesses subsidiaries and entities to give effect to these standards.

In addition to the local and international regulatory obligations to which the group is subject³, this policy also references and incorporates international standards, best practices and guidance, where appropriate.

If employees are in doubt as to whether an incident constitutes bribery or corruption they **MUST** seek advice from their business ethics officer or refer their query to the FirstRand Group Ethics and Conduct Risk Office or the FirstRand Group Financial Crime Regulatory Compliance department, as the failure to report incidents of bribery and corruption may in itself constitute an offence.

2 PURPOSE

The purpose of the ABC policy is to enable group employees and representatives to distinguish conduct that is acceptable from conduct that is deemed unacceptable. Furthermore, the ABC policy identifies and sets out the

¹ **Bribery** is a specific offence which concerns the practice of offering or accepting a form of gratification to gain an illicit advantage. Bribery involves at least two persons – the person offering or giving the gratification to secure the illicit advantage (active bribery), and the person accepting the gratification (passive bribery). Both persons are liable to a criminal prosecution.

² **Corruption** is an abuse of a position of trust, or the improper performance of a relevant function or activity in order to gain an undue advantage or for personal gain. In broad terms, corruption therefore entails offers, payments, promises or gifts provided to another with the intention to induce the recipient to misuse his or her official position.

The **gratifications** offered or accepted as part of bribery or corruption can be financial (e.g. cash or shares) or non-financial benefits (e.g. job offer, preferential treatment, hospitality) and can be made either directly or indirectly (e.g. through a third party). Further examples of gratification could include offering or accepting tickets to events, travel, lodging or transportation in connection with an event, offering or accepting meals, drinks or other hospitality, political contributions, charitable contributions or events, sponsorships, offering or accepting job internships, scholarships, work experience, apprenticeships, amongst others.

Please refer to **Annexure A** for additional examples of bribery and corruption red flags.

³ The United Kingdom Bribery Act, 2010, the United States Foreign Corrupt Practices Act, 1977, Regulation 43 of the South African Companies Act, 2008 and the South African Prevention and Combatting of Corrupt Activities Act, 2004, as well as various in-country anti-bribery and corruption acts or regulations.

principles on which the group's minimum standards, segment/operating business operating standards and procedures relating to anti-bribery and corruption must be developed and applied throughout the group. The ABC policy furthermore incorporates the concept of a risk-based approach (RBA) with regard to the proactive identification and assessment of bribery and corruption risk, in order to allow for the optimisation of resources and to ensure that resource allocation is commensurate with the level of risk identified.

3 SCOPE

The ABC policy applies to employees of all FirstRand's segments, operating businesses, subsidiaries, joint venture partners, and operations outside of South Africa, collectively referred to as the group. For the purposes of this policy, employees include any person who conducts work for the group and who receives, or is entitled to receive, any remuneration directly from the group, which includes permanent employees, fixed-term contractors, contingent workers, all directors, non-executive directors, officers and specialist consultants (employees). Third parties (including business partners, significant investments, vendors, suppliers, agents, consultants and intermediaries) are also subject to this policy and must comply with the policy when doing business with or on behalf of the group.⁴

4 OWNERSHIP AND REVIEW

The FirstRand Group Financial Crime Regulatory Compliance (FCRC) department is the custodian of the ABC policy. In order for the policy to remain current and appropriate for managing the group's ABC risks, it must be reviewed at least every two years by the FirstRand compliance and conduct risk committee (CCRC) (frameworks and policies).

5 ADOPTION

Each segment, operating business subsidiary and entity must adopt operating standards and procedures in as far as this is required to give effect to the obligations contained in this policy, which must be approved by its applicable governance forums. To align to this policy, each of the group's businesses outside of South Africa must implement an ABC policy approved by the in-country board of directors.

6 PUBLICATION

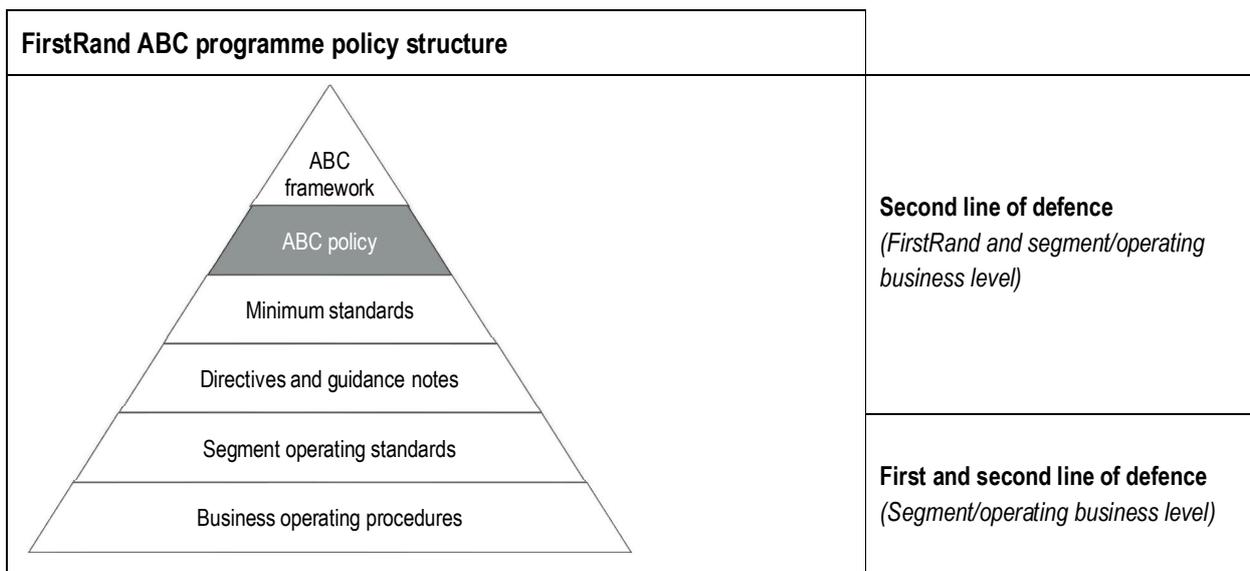
The latest versions of the group ABC frameworks, policies, standards and directives are published on the group's intranet. It is the responsibility of each segment, operating business, subsidiary and entity to ensure that the ABC policy is distributed to all employees whose roles are impacted by it.

7 RELATED POLICIES

This policy forms part of the group's ABC programme, as illustrated in the programme structure below. The ABC policy must be read in conjunction with the ABC framework, as well as the various group minimum standards.⁵

⁴ Further information to be provided in the FirstRand ABC third-party standard.

⁵ Consideration must also be given to additional group policies, such as those dealing with operational risk, records management, risk appetite, fraud management, accounting procedures, regulatory risk and conduct management governance documents, as adopted from time to time.



The FirstRand code of ethics reflects the group’s commitment to high levels of integrity and good governance in all business dealings and is a point of reference for all business conduct programmes. Business conduct programmes are managed by the FirstRand Group Ethics and Conduct Risk Office. The following group business conduct programmes or themes are run independently from the ABC programme, but adherence to the principles contained in these programmes support the prevention of bribery and corruption in the organisation. The concurrent application of these programmes ensures that the organisation has implemented adequate procedures to prevent bribery and corruption (as required by legislation):

- whistle-blowing;
- Leading Light;
- declarations of interests;
- personal account trading;
- persons of interests;
- gifts and hospitality;
- supplier code of conduct;
- responsible competitive practices; and
- market conduct, remuneration incentives and conflicts of interest.

Specifically, compliance with whistle-blowing measures and the group’s position on the giving and receiving of gifts and hospitality are fundamental tools for the prevention of bribery and corruption.

8 ADHERENCE, BREACH AND PENALTIES

The provisions of this policy are mandatory. Wilful and deliberate non-compliance with the ABC policy and its supporting minimum standards and operating procedures can expose employees, directors and the group to

significant regulatory sanction, fines and criminal liability. The increased reputational risk arising from such non-compliance will furthermore negatively affect the group's ability to attract and retain customers, source funding and participate in certain markets. Wilful and deliberate non-compliance by group employees may therefore result in disciplinary action, which may lead to dismissal and may include civil or criminal prosecution in terms of the applicable legislation. The group reserves the right to pursue all legal means to recover proceeds generated through bribery or corruption.

Many of the legislative requirements applicable to the group have extra-territorial application. Accordingly, such laws have a wide ambit and employees or third parties acting in the interests of the group may still be subject to the applicable laws, when acting in breach of those laws, outside of the jurisdictions in which the group operates.

There may be instances where business is informed or discovers that the requirements of this policy, one of the supporting policies, or a regulatory requirement has not been met and that a breach has occurred. The non-compliance may relate to a once-off event or be ongoing, which will require rectification in the short term. Any deviations from policy provisions or a regulatory requirement is considered a breach and should be escalated via the relevant group log or reporting systems.

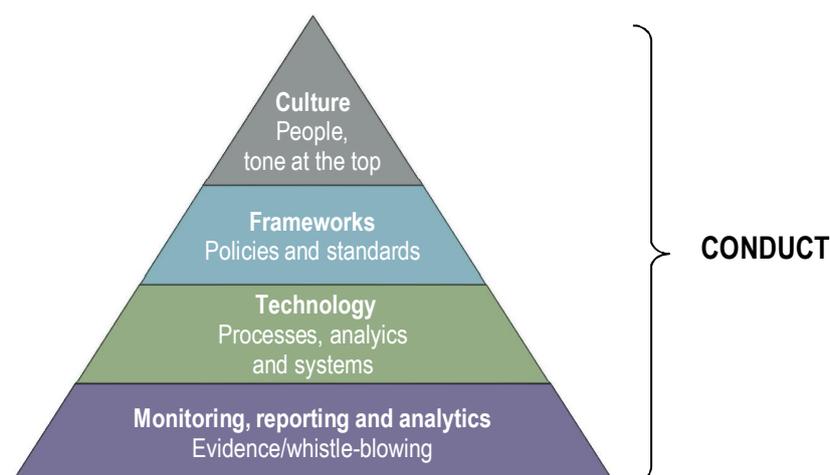
Furthermore, where a host jurisdiction has regulations which make it prohibitive for a subsidiary to apply any of the requirements contained in the ABC framework, ABC policy or any of its supporting minimum standards, an application for a waiver must be approved by the subsidiary board. For oversight purposes, all ABC waiver approvals for operations outside of South Africa must be noted at the proceeding FCRC subcommittee. The FCRC subcommittee retains the discretion to escalate the waiver approval to the CCRC if there is discomfort with the level of risk acceptance adopted by the operating business or segment. All waiver applications for operations outside of South Africa must include supporting documentation, details or risk factors, compensating controls, and where appropriate, corrective action plans to mitigate any risks arising from the waiver.

Engagement with relevant regulators or similar authorities, where appropriate and/or required, must be conducted in consultation with FCRC and the affected business unit or international operation, and prior to the abovementioned approvals.

9 ABC PROGRAMME POLICY PRINCIPLES

This policy establishes several principles on which the FirstRand franchises, segments, subsidiaries and international operations must base their operating standards and procedures. FirstRand must conform to these principles.

At a high level, the principles underlying the ABC programme are illustrated below.



9.1 Principle 1: Acting with integrity

The most effective way to combat bribery is to ensure all FirstRand representatives act with integrity. Accordingly, group representatives must:

- be honest and transparent in business dealings;
- put the interest of the group above their personal interest;
- declare and avoid both actual and perceived conflicts of interest, which may pose an ABC risk;
- act responsibly and prudently when giving and receiving gifts and hospitality;
- prevent and report criminal and other unethical activities; and
- declare and act responsibly when engaging in outside work and political activities.

More specifically, all group representatives must:

- always refrain from active and passive bribery; and
- specifically refrain from active bribery involving local or foreign public officials.

Organisationally, the group must take all reasonable measures to prevent bribery among its representatives.

The FirstRand board is committed to preventing and combating bribery and corruption within the group and is ultimately responsible for overseeing the effective management of regulatory risks (including related bribery and corruption risks) across the group. The group supports and rewards integrity through *inter alia* its whistle-blowing and Leading Light programmes.

9.2 Principle 2: Risk assessments

The FirstRand and segment/operating business advisory board members, through executive and senior management (as provided for in the ABC framework), must ensure that the applicable approved risk assessment process is followed by each segment, operating business or business area to ensure that both internal and external bribery and corruption risks, vulnerabilities or threats are prevented, detected and managed adequately.

The primary objectives of the ABC risk assessment are to:

- identify the group's inherent ABC risks, vulnerabilities and threats;
- assess the controls implemented to mitigate the inherent risks, vulnerabilities and threats; and
- determine the overall ABC risk rating of the group.

The following risk indicators should be utilised to determine the need for and scope of an ABC risk assessment:

- country and industry risks;
- employees in positions which may be exposed to bribery;
- interactions and business relationships with government officials and politically exposed persons (PEPs);
- business relationships with third parties;
- facilitation payments;
- travel, entertainment and gifts;
- procurement, especially in high-risk industries, public procurement and tenders;
- sponsorships and donations;
- controls around cash, petty cash, vendor disbursements, fee structures, commissions and other cash related transactions;
- high-risk transactions, including mergers and acquisitions;
- maintenance of accurate books (accounts) and records;
- recruitment and hiring practices;
- promotional and sponsorship expenditure;
- other areas of high risk, such as customs, offset arrangements and licensing; and
- any other applicable risk indicators.

ABC risk assessments should lastly include senior management oversight, be appropriately resourced and be accurately and appropriately documented.

9.3 Principle 3: Communications and training

An integrated approach to all aspects of anti-corruption employee engagement must be adopted to ensure that all group employees receive consistent messaging and advice across training, advice and whistle-blowing channels, line management and group communications.⁶ General awareness training on bribery and corruption is managed at a group level and is mandatory for all employees and, where necessary and appropriate, applicable third parties.⁷

⁶ The Transparency International UK Global Anti-Bribery Guidance presents anti-bribery and corruption best practice for companies, drawing upon expertise from over 120 leading compliance and legal practitioners and Transparency International.

⁷ Further information to be provided in a FirstRand ABC general awareness guidance note.

Each segment, operating business and entity must implement tailored communications and ensure adequate targeted training is provided to all employees, as applicable, and in accordance with identified bribery and corruption risks. The material must be understandable to all impacted employees, appropriately adapted to the role of the personnel, proportionate to the risk being managed and include information on appropriate channels to use if employees witness or suspect bribery or corrupt activities.

Segment and operating business programme owners must ensure that all new and current employees are aware of the ABC programme and related training requirements.

9.4 Principle 4: Third-party due diligence

In accordance with the group's commitment to high levels of integrity and good governance in its operations and business dealings, it must ensure that all its business relationships are transparent and ethical. This requires appropriate efforts to identify and address the risks of corruption in relationships with third parties. A third party is an external party with whom the group establishes or intends to establish some form of business relationship. Third parties can broadly be divided into four categories:

- individuals or entities who act on the group's behalf in dispensing its legal obligations, such as intermediaries⁸, agents or advisors;
- business partners and joint ventures who act together with the group to dispense a legal obligation, carry out a trade, or engage in a business or profession and who are involved in the management of the aforesaid and the share in the benefits generated from the combined effort;
- significant investments; and
- vendors, suppliers, contractors, consultants who deliver products and/or services to the group.

Depending on the circumstances and the applicable laws, the group may be held liable for the illegal activities of third parties. To manage this risk, the business must implement an appropriate process in terms of which the ABC risks associated with each of its current and potential third parties is assessed (which may include appropriate due diligence) and managed.

The following factors⁹ should, amongst others, be considered when assessing the ABC risks related to third parties:

- the sector/industry in which the third party operates;
- the business form and organisational structure;
- the relevant jurisdiction(s), including the applicable legislative framework;
- the degree or lack of group oversight over the activities of the third party;
- the nature of the transaction involving the third party, and the role of the third party in the transaction or

⁸ The meaning of intermediary is typically used to refer to a person who serves as a contact between two or more parties doing or intending to do business or serves as a conduit for goods and services between parties doing business. The individual or entity may be engaged by FirstRand to assist with the development and management of business opportunities, including obtaining or retaining capital markets, as well as investment banking or advisory engagements –and could include sales representatives, distributors, dealers, subcontractors, brokers or even subsidiaries of trading parties.

⁹ See Annexure A for further factors.

business relationship;

- the integrity of the third party, including whether it has links to public officials or politically exposed persons;
- whether the third party has any administrative, regulatory or other legal sanctions, penalties, charges or convictions (whether past or current) against it (for example being barred from public procurement opportunities through the South African Tender Defaulters Register or equivalent sanction);
- the third party's own ABC culture or policy and whistle blowing regime; and
- the fee structure the third party requests for payment (e.g. commissions, cash).

Third parties who represent heightened ABC risks – specifically including politically influential persons, as defined in the FirstRand politically exposed persons standard – should be subjected to enhanced due diligence procedures and business should refrain from delegating considerable discretionary authority to any third party who has the propensity to engage in illegal activities.¹⁰

Internationally, there is an increasing focus on screening potential third parties, prior to entering into a relationship, in order to establish whether representatives of the third party are sanctioned or politically exposed so that the engagement can either be avoided or appropriate measures adopted to mitigate any risks that may follow. Furthermore, it may be expected that prior to establishing the relationship, the group not only considers the contact persons at the third party, but establishes the beneficial ownership of the third party and assesses any risks that they may pose.

Screening of third parties must be adopted so as to meet the position that FirstRand will not knowingly and deliberately hold relationships with, or process payments for individuals or entities that are:

- included on certain sanctions lists;
- subject to sanctions by certain international bodies or certain individual countries; which relate to activities which are the subject of certain sectorial sanctions; or
- included on internal FirstRand lists.

Additionally, group procurement will screen the beneficial ownership of all new suppliers loaded on the procurement system. Any business unit that transacts with a third party outside of the procurement system must ensure that similar screening of beneficial ownership occurs against said third parties.

It is acknowledged that business and the group procurement team will require a reasonable period to embed processes and procedures to ensure that efficient and meaningful identifying and screening tools are adopted to meet this expectation and, to this end, each business area must develop and submit embedment action plans with their relevant risk governance forums.

¹⁰ Further information to be provided in the FirstRand ABC third-party standard.

Business areas must ensure that participants in the group's supply chain commit to abide by laws on the prohibitions against corruption and are expected to certify the implementation of procedures or other measures for preventing and detecting such corruption

To the extent that business areas hold relationships with third parties who are known to facilitate corporate political contributions and/or charitable contributions, those business areas must adopt appropriately enhanced measures and controls to prevent bribery and corruption through such relationships – whether the third party is a joint venture partners, outsourcing provider, contractor, consultant, sub-contractor, supplier, vendor, adviser, broker, deal maker, agent, distributor, representative, intermediary or investor whose activities may have a material impact on the group.

Business should also conduct regular reviews¹¹ to ensure that third parties with current relationships with the group do not pose unacceptable ABC risks. Business should embark on a process of:

- reviewing its third-party relationships (including thorough screening, background checks or monitoring of performance);
- conducting general portfolio reviews of all existing third parties;
- identifying high-risk relationships; and
- developing mitigating plans in the context of existing contractual agreements, such as the inclusion of appropriate ABC clauses or warranties.

9.5 Principle 5: Gifts, entertainment and hospitality

The FirstRand Group Ethics and Conduct Risk Office must ensure that all employees are aware of the applicable requirements in relation to gifts, entertainment and hospitality – and specifically their responsibilities in terms of accepting, rejecting or reporting gifts or invitations, in line with the provisions of these documents.

Line managers are furthermore responsible to review and ensure that appropriate action, as per the group's sponsorship, donations gifts and entertainment standard, is taken when their reports declare gifts or invitations. Where they are unsure of the appropriate action to be taken, they should escalate the declaration to their relevant risk manager(s), who will provide further guidance. Where both the line manager and the risk manager(s) are unable to determine whether to approve or reject a gift or invitation, they may contact the FirstRand Group Ethics and Conduct Risk Office for guidance.

Gifts must be reviewed and action (approval or rejection) should be taken promptly to avoid delays, including employees potentially using gifts that they ought to have rejected and returned.

Group employees should check, if possible, beforehand with their line manager, if they are in any doubt as to the appropriateness of gifts, whether offered, given or received.

¹¹ The frequency of the review will depend on the risks identified in the applicable areas ABC risk assessment and/or the outcome of a due diligence on the third party.

9.6 Principle 6: Dealing with public officials

The legislative requirements applicable to the group prohibit the offer, promise or provision of a financial or other advantage to both local and foreign public officials¹², with the intention that the offer will influence the official in the performance of his or her official functions, and thereby provide an advantage to the person or entity concerned.

Any dealings by a group representative with a public official (whether local or foreign) must be treated as higher risk, and commensurate controls must be applied on the basis that the public official is more susceptible to offer or accept a bribe or become involved in a corrupt relationship due to the power they have to abuse their public office or position for private gain.

In line with the group's policy position on gifts and hospitality, all group representatives are prohibited from offering, giving, or promising any gratification or advantage, to any local or foreign public official in order to influence their decisions or to ensure favourable treatment.

All group representatives must seek and acquire prior approval for all gifts and gratuities (including travel, hospitality or entertainment expenses) to be given to public officials, be they local or foreign; and declare, prior to accepting, all gifts and gratuities offered by a local or foreign public official, irrespective of the value.

9.7 Principle 7: Political and charitable donations/sponsorships and political funding

Charitable donations/sponsorships

Giving to charity or sponsoring business-related events are important and valued parts of the group's business. However, giving to charities or sponsoring events that are associated with public officials is high risk because of the inference that donations or sponsorships may in fact be seeking to gain the official's influence.

Business must ensure that all donations and sponsorships follow the relevant sponsorship, promotion and donation business policies and processes,¹³ to ensure that bribery and corruption risks are identified and mitigated. At a minimum, the following must be addressed:

- adequate due diligence on and vetting of the requestor or recipient;
- funds may not be used for unethical activities/practices;

¹² A public official may include (depending on applicable legislation and whether they are a foreign or local public officer):

- an officer or employee of a government or public agency, entity or public enterprise or anyone acting in an official capacity or exercising a public function on such persons' behalf;
- any person who holds a legislative, executive, administrative or judicial position of any kind whether appointed or elected;
- an official, employee or agent of a public international organisation (e.g., the World Bank, the International Monetary Fund, the World Trade Organisation and the United Nations);
- any political party, party official, or candidate for political office;
- any officers, employees, representatives or agents of any entity or corporation owned or controlled directly or indirectly by a government, including a sovereign wealth fund or any entity owned by a sovereign wealth fund;
- any person employed by a board, commission, corporation or other body or authority that performs a function on behalf a state (whether local or foreign);
- any head or member of a diplomatic mission or consular post; or
- any person receiving remuneration from public funds.

¹³ Further information is provided in the FirstRand sponsorship, donations gifts and entertainment standard

- as far as possible, and in line with the applicable policies and processes, donations should be made in required goods or services, rather than cash;
- processes to ensure that the donation and/or sponsorship was used for the purpose for which it was requested (no unaudited events); and
- evidence that the event has actually taken place.

Control weaknesses include, but are not limited to:

- a lack of ability to identify concealed bribes;
- inadequate/lack of controls to manage funds and ensure effective use;
- a lack of segregation of duties or conflicts of interest regarding the approval of the sponsorship, donation and/or promotion;
- an incomplete audit trail; and
- no audits performed post-sponsorship (request for evidence of promotion).

Furthermore, the group and its representatives must:

- refrain from giving charitable donations or making sponsorships with the real or perceived purpose of securing an unfair advantage or undue benefit;
- make all group charitable donations through the management and governance structures of the FirstRand Foundation; and
- when making donations or sponsorships through the FirstRand Foundation, declare such donations or sponsorships to the segment or group ethics officer.

Political parties

The position of FirstRand in relation to political party funding, sponsorship and charitable contributions is aligned to the FSR position statement.

FirstRand does not associate itself with political parties and will not make contributions or donations to political parties, candidates or campaigns. Contributions to political parties or candidates by group employees, acting solely in their personal capacities, may not involve the use of any group intellectual property, funds, office space or property. Further information in this regard can be found in the group's policy on employees' involvement in political activities.

For the purposes of this policy, the treatment of transactional banking activities in respect of or lending to political parties must align with the group's position statement and sensitive industries matrix.

Scholarships, internships, secondments and work experience

The provision of a scholarship, internship, secondment or work experience, whether paid or unpaid, may be viewed as a benefit (and potentially an improper one).

Any offer of a scholarship, internship, secondment or work experience to a group employee must be approved by the employee's line manager. It is incumbent on all managers prior to approving such scholarship, internship, secondment or work experience to consider whether such offer could be construed as improper, especially if such offer is linked to a government agency or entity, or public officials.

Any offer of a scholarship, internship, secondment or work experience made by the group must be assessed to ensure that no conflict of interest arises or that such offer could be construed as improper. This assessment must at least include whether the candidate has any links to government agencies or entities, or employees of public officials. It is also recommended that the decision to offer any scholarship, internship, secondment or work experience by the group is made by a panel of group representatives and not a single representative.

9.8 Principle 8: Facilitation payments

Facilitation payments are payments or other advantages made to public officials to secure or speed up the performance of routine tasks, such as the granting of licences or permits. FirstRand does not allow its employees or third parties acting on its behalf to make facilitation or 'grease' payments. Any requests to group employees to make such payments should be reported as soon as reasonably possible to management and the FirstRand Group Ethics and Conduct Risk Office.

9.9 Principle 9: Solicitation, extortion and coerced ("life and limb") payments

Solicitation is the act of asking or enticing another to commit bribery. It becomes extortion when the demand is accompanied by threats that endanger the personal integrity or the life of a person in a position of trust. The group prohibits solicitation and extortion by its employees or third parties acting on its behalf, any requests to group employees to make such payments should be reported as soon as reasonably possible to management and the FirstRand Group Ethics and Conduct Risk Office.

A coerced payment (or "life and limb" payment) is a payment made by a group representative under the threat of violence, actual violence, or when it will reasonably be considered to endanger the life or health of the representative or others if payment is not made. In such circumstances, the safety and health of all representatives is paramount; however, group representatives must, as soon as reasonably possible, report and record any coerced payments to management and the FirstRand Group Ethics and Conduct Risk Office.

Costs incurred by a group employee or third party in respect of "life and limb" payments, in the furtherance of duties owed to the group, including activities necessary or incidental to contractual performance, must be claimed back directly from the group, reviewed and reported to relevant segment/operating business management committees.

9.10 Principle 10: Incident reporting and disclosures

All group employees and anyone acting on the group's behalf has an obligation to promptly report any concerns about or indications of, possible or actual violations of applicable anti-bribery and corruption laws or of this policy to their head of compliance, chief risk officer, or through the FirstRand whistle-blowing line. In this regard, specific

reference must be made to the FirstRand whistle-blowing policy and the FirstRand ABC reporting and disclosures standard.

When should employees report?

- When employees have knowledge of bribery or a corrupt activity (or the planning of such an offence).
- When employees suspect bribery or a corrupt activity (or a suspicion as to the planning of such an offence).

Examples of red flags or incidents that require reporting can be found in Annexure A to this policy.

Turning a blind eye to incidents of actual or suspected bribery or corruption is unacceptable. Choosing to ignore incidents of bribery and corruption could itself constitute an offence under applicable legislation. If employees are in doubt as to whether an incident constitutes bribery or corruption they **MUST** seek advice from their segment/operating business ethics officer or refer their query to the FirstRand Group Ethics and Conduct Risk Office.

The group makes use of whistle-blowing channels (telephone, email and website) outsourced to Deloitte Tip-Off Anonymous, for reporting unethical behaviour, as set out below. The segment/operating business risk managers and compliance officers must therefore ensure that all available incident reporting channels are communicated to employees and are available at all times.

Email: report@firstrandethicsoffice.com

Website: www.firstrandethicsoffice.com

Telephone:

0800 00 33 12	(South Africa and Namibia)
081 918 47	(Namibia MTC)
080 823 875 00	(United Kingdom)
000800 100 79 00	(India)
0800 600 644	(Botswana Telecoms)
1144	(Botswana Orange users)
711 197 11	(Botswana Mascom users)
800 220 55	(Lesotho Econet)
+266 31 571 5077	(Lesotho International call)
800 112 233	(Mozambique TDM)
8099937319	(Nigeria Etisalat)
800 70 06	(Swaziland SPTC)
0800 780 026	(Tanzania TTCL)
50800	(Zambia Airtel users)

260 971 231 250 (Zambia all networks)
+233 31 571 5077 (Ghana International)

The above whistle-blowing channels are confidential and allow for anonymity. Whistle-blowers and reporters will be protected against occupational detriment when reporting through group whistle-blowing channels.

The FirstRand Group Ethics and Conduct Risk Office, together with the human capital department, must ensure that employees are aware of the internal processes that they must follow to raise concerns and report witnessed and/or suspected bribery and corruption activities by employees and all other group representatives.

All reported bribery or corruption concerns must be escalated to the FirstRand Group Ethics and Conduct Risk Office and FCRC, which will ensure that due process is followed.¹⁴ The incidents reported must be monitored by the risk managers and compliance officers who should review the results of the case and ensure that appropriate action has been taken. Where cases are not resolved satisfactorily the FirstRand Group Ethics and Conduct Risk Office and FCRC must be contacted to intervene and/or conduct a further investigation, and the case should not be closed until this investigation has been concluded.

The FirstRand Group Ethics and Conduct Risk Office will conduct regular *ad hoc* reviews of reported cases and provide feedback to the relevant risk and compliance office for further action. All incident-reporting programmes must ensure confidentiality and the protection of whistle-blowers.

In the event of a transgression of any applicable legislation, FCRC will, in consultation with the relevant governance forums, legal department and business area (as required), provide guidance in relation to the requirement to conduct any further action. This may include the exiting of a third-party relationship, human capital procedures or inquiries, the laying of criminal charges, potential external statutory reporting (for example under section 34 of PRECCA), and/or the potential for voluntary disclosure/criminal complaints to the relevant regulators and authorities.

9.11 Principle 11: Maintenance of accurate books and records

Bribes may not be mischaracterised in accounting records. Such mischaracterisation can include, but is not limited to:

- concealment of bribes in invoicing and financial statements;
- commissions used to conceal bribes;
- the omission of payments; or
- formal processes and procedures that were not followed/circumvention of processes and procedures.

¹⁴ Further information is provided in the FirstRand ABC Reporting and Disclosures Standard

It is the responsibility of business to ensure that all transactions processed on the group's systems are accurate and can be adequately supported and explained. In addition, senior management should ensure the implementation of an accounting policy which prohibits inadequately identified transactions and provides adequate controls (i.e. segregation of duties) to review and approve accounting transactions to effectively identify transactions linked to bribery and corruption.

The group may under no circumstances maintain "off the record" accounts.

9.12 Principle 12: Payment controls

Procurement is an area with inherently high bribery and corruption risks. The business must therefore ensure that procurement transactions are reviewed and approved at the correct approval levels and ensure adherence to all payment controls, as set out in the group's procurement policy.

While the group procurement policy includes principles regarding payment controls to be applied for the purchasing of goods and services, there are several segments/businesses where payments are not facilitated through the procurement process. For example, certain deal fees paid to third parties in RMB's investment banking division or charitable donations. Through the risk assessment process (see principle 2), each segment or business area must identify any gaps with regard to payment control protocols falling outside of the procurement process and ensure that appropriate ABC risk mitigation measures are implemented.

Tender procedures must be followed in line with the relevant tender policies and processes. Furthermore, valid and binding contracts (i.e. master service agreements) and/or service level agreements (i.e. statement of work) must exist between the group and its suppliers and must be signed by duly authorised representatives of the suppliers and the group, when required in terms of the rules of contracting set out in the group's procurement policy.

A delegation of authority (DOA) must be put in place with a mandated official to review and approve all payments, manually and/or via the payment system platform. All payment transactions must be reviewed and approved in line with the DOA.

9.13 Principle 13: Employee recruitment and vetting

All employee recruitment must be conducted in line with human capital procedures. Furthermore, at a minimum, the following background checks must be conducted prior to offering successful applicants a position within the group:

- qualification checks;
- reference checks;
- credit checks (if permissible under applicable laws);
- criminal record checks;
- register of employee dismissal ("REDS") checks; and

- completed conflict of interest and declarations of interest.

After the commencement of employment, criminal checks should be conducted at least every five years, or when deemed necessary by the relevant segment, operating business, subsidiary or entity.

Risks include (but are not limited to):

- solicitation of unfair advantage, misconduct and/or other corrupt activities, in exchange for an employee appointment; and
- nepotism and cronyism.

Each segment/operating business is required to implement procedures in conjunction with its human capital department to screen prospective employees against sanctions and PEP lists prior to an offer of employment or engagement. The group will not offer employment to, or otherwise remunerate sanctioned persons, as defined in the sanctions standard to the financial crime policy. Should it be found that a prospective employee is a PEP match¹⁵, the matter must be escalated to FCRC for approval, prior to an offer of employment being made or the commencement of the engagement. Once an employee commences employment, they must be screened daily in terms of the requirements of the FirstRand politically exposed person standard and the FirstRand sanctions standard.

It is acknowledged that business and the relevant human capital departments will require a reasonable period to embed the requirements for PEP and sanctions screening of prospective and current employees and, in this regard, each business area must submit embedment action plans for approval to its relevant governance forums.

9.14 Principle 14: Remuneration structures

In line with applicable human capital remuneration policies and practises, business must ensure that employees are remunerated appropriately and fairly. This can be ensured by implementing pay grades, bands or scales so that employees in the same role, executing the same duties and responsibilities are paid fairly. Furthermore, these principles should also influence performance evaluations, training, recognition and promotions.

When determining a new recruit's remuneration, business and human capital must prevent unfair remuneration packages being used to solicit an unfair advantage. Examples of conduct which is prohibited would be to offer a prospective employee employment in order to secure an unfair advantage for the group (e.g. offering a family member of a prospective client employment in order to win the business or to secure a tender bid), or offering a remuneration package to a prospective employee which is not commensurate with their skill set, but which is aimed at inducing the individual to provide the group with an unfair advantage in return.

All remuneration packages and offers must be reviewed against approved pay scales, bands and grades, and approved by the head of the department (independent review) and human capital. Any deviations must be

¹⁵ As defined in the FirstRand politically exposed persons standard.

reviewed in line with human capital processes and approved prior to contractually agreeing with the current employee or prospective employee.

The business should also ensure that there are at least annual reviews of employees paid over the set pay grades, bands or salary scales.

9.15 Principle 15: Response protocols

The business should ensure that a remediation process is in place to:

- address identified bribery and corruption risks and control weaknesses;
- ensure a process to implement corrective controls; and
- develop and monitor prevention and detection controls.

Furthermore, follow up should be conducted to ensure the adequate management and mitigation of bribery and corruption risks.

Where bribery and corruption has been detected, disciplinary action should be instituted against those employees involved, and/or where applicable, civil and/or criminal charges may be laid against the employees or business associates. FirstRand will not accept wilful and deliberate non-compliance of this policy. It is therefore imperative that the business and all relevant parties take prompt unbiased/fair or consistent actions to remedy the situation and enhance prevention and detection controls.

9.16 Principle 16: Monitoring and performance evaluation

A fundamental principle of ensuring adequate procedures are in place to prevent bribery and corruption is the periodic monitoring and review of the ABC programme. This should be conducted through at least the following four mechanisms, which are conducted in line with the existing applicable FirstRand business performance and risk management framework, and all supporting risk management frameworks, methodologies and processes:

- internal controls – implementing controls to monitor and review anti-bribery policies and programmes;
- periodic reviews – conducting periodic reviews and reporting to top-level management;
- identify triggers – identifying triggers for mandatory risk assessments and ABC programme reviews; and
- external verification – using external verification entities to independently evaluate the adequacy and effectiveness of the ABC programme, where necessary.

Senior management should ensure the suitability, adequacy and effectiveness of the ABC programme by ensuring:

- prompt reaction to reported incidents;
- it addresses the consequences and impact of incidents on the group;
- compliance with this policy and that appropriate remedial/disciplinary action is taken if breaches are identified;

- evaluation of non-conformance, root causes and implementation of appropriate preventative, detective and corrective controls; and
- review adequacy and effectiveness of actions taken and controls implemented, and retain an audit trail of the above processes followed.

ANNEXURE A

ABC RED FLAGS

The red flags below can be used to assist in the detection of bribery and corruption. Matching one or more of these red flags may serve as an indicator of bribery and corruption, but would require further investigation. The list is not exhaustive but merely serve to provide a guide of potential red flags.

I. Red flags: General indicators

- Unexplained cash deposits into accounts of local prominent influential persons (PIPs) or foreign prominent public officials (PPOs), collectively referred to as PEPs.
- Manipulation of procurement thresholds.
- Purchase of unnecessary or inappropriate items or the purchase of items which are charged outside of market related costs.
- Unusually high number of contracts awarded to one company.
- Winning bid without meeting tender requirements or where there are inconsistencies in bid proposals.
- Payment advances to employees or third parties, particularly pressure to receive the payments urgently or ahead of schedule.
- Refusal to properly document expenses, unrecorded, or incorrectly recorded transactions and other failures to follow accounting procedures/policies.
- Invoices vaguely describe the services provided or lack detail (e.g., “services rendered” or “miscellaneous”).
- Refusal to accept ABC or audit clauses in contracts.
- Refusal to divulge the identity of beneficial owners, directors, officers, or other principals.
- Compensation arrangement is based on a success fee or bonus; or unusual bonuses for foreign operating managers.
- Request for payments in third countries or through third parties or shell companies, particularly requests for payment in a jurisdiction outside home country that has no relationship to the transaction, or the entities involved in the transaction, or when the requested country is an offshore financial centre.
- Request for payments in cash, cash equivalent, or bearer instruments or other anonymous payments.
- Losing bidders sought to be hired as agents or subcontractors.
- Failure to cooperate with the due diligence investigation or refusal to answer questions or make representations and warranties.
- Party has a poor business reputation or a reputation for unethical conduct, including reports of suspicious, unethical, or unlawful conduct about the party, its sub-agents or its employees.
- Party makes large or frequent political contributions, makes references to political or charitable donations as a way of influencing official action.

- Utilisation of family members to launder funds.
- Off-market trade that showed as high-day one profit and loss

II. Red flags: When dealing with associated persons

- The associated person insists on operating in anonymity.
- Inappropriate payment requests, e.g. requests for indirect payments made payable in a country other than one where the associated person operates, or to a separate entity.
- Due diligence identifies significant past allegations or incidents of corruption or illegality.
- A public official recommended the associated person, particularly one with discretionary authority over the business at issue.
- There are persons involved in the transaction who have no substantive commercial role.
- The associated person objects to reasonable clauses in the contract regarding compliance with anti-bribery laws or other applicable laws.
- The associated person does not reside or have a significant business presence in the country where the customer or project is located.
- Due diligence reveals the associated party is a shell company or has some other unorthodox corporate structure (e.g. a trust without information about the economic beneficiary).
- The associated person will not reveal its beneficial ownership or is unwilling to provide documentary proof of ownership if asked.
- The only qualification the associated person brings to the venture is influence over public officials, or the associated person claims that they can help secure a contract because they know 'the right people'.
- The associated person's skills do not align with the job requirement.
- The associated person requests an increase in an agreed commission for the third party to:
 - 'take care' of some people;
 - circumvent a known requirement, cut some red tape or make a facilitation payment; and
 - to account for expenditure they must incur to obtain or retain business or a business advantage.
- Relocation of third party/supplier/contractor/agents to countries with higher bribery risk.
- Requests for once-off or unusually high commissions or fees on payments.
- Over-invoicing/use of non-standard invoices.
- Large/frequent fourth-quarter adjustments to contractual payments by associated persons.
- Reluctance or inability to provide information requested in full and in a timely manner.
- Exclusive dealings by an employee with a single supplier/contractor/agent (associated person).
- Unexplained reasoning provided by business areas for changes.
- Multiple changes to vendor banking details.