



FirstRand

ANTI-BRIBERY AND CORRUPTION POLICY

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1 DEFINITIONS

Term	Definition
Anything of Value	<p>Anything of value can include, but is not limited to the following:</p> <ul style="list-style-type: none"> • Cash, including cash equivalents or instruments • preferential treatment • offers of employment • offers of work opportunity i.e. work experience or shadowing, internships that are not part of FirstRand's formal recruitment process • charitable donations • personal favours • gifts, entertainment and hospitality • speaker fees; and • sponsorships
Bribery and corruption	<p>Bribery is the offer, promise, giving, request, receipt, acceptance, or transfer of anything of value, either directly or indirectly, to or by an individual to induce, influence, or reward the performance of a function or an activity with improper intent, in a commercial or public office setting. For example, promising, requesting, accepting anything of value as a reward for improperly obtaining and winning business, will constitute bribery.</p> <p>Corruption is defined as the abuse of entrusted power for an improper advantage or private gain.</p> <p>The difference between bribery and corruption is:</p> <ul style="list-style-type: none"> • corruption is being able to do something given that you are in a position of power or influence for your own personal gain whereas, • bribery is giving, promising, accepting anything of value from someone to induce them to perform an act which is illegal, unethical or a breach of trust.
Business grants	<p>A business grant is development funding given by one entity (typically an organisation, foundation or government) to another i.e., small businesses or non-profit organisation aimed at job creation and increasing economic benefits for the community. This type of grant is a form of donation and therefore is non-repayable.</p>
Conflict of interest	<p>A conflict of interests arises when FirstRand's interests are compromised by the personal interests (personal gains) and/or relationships of any employee or their close relationships or related parties. Conflicting interests are generally characterised by a compromise or prevention of efficient, honest, or objective</p>

	work performance and unbiased decision making, because of employees maintaining inappropriate personal interests (gifts given or received, ownership, additional work, or close relationship), either directly or indirectly through their close relationships.
Constituent components	FirstRand segments (including separately registered accountable institutions, pillars, and business units), subsidiaries and international operations (including representative offices, foreign branches).
FirstRand (FirstRand)	FirstRand Limited or group is a conglomerate financial institution, organised with various segments (inclusive of further separately accountable institutions, pillars, and business units), as well as subsidiaries and international operations, collectively referred to as FirstRand.
Gratification	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.
Life and limb payments	A coerced payment (or “life and limb” payment) is a payment made by a FirstRand 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.
Third parties	<p>Third parties can broadly be divided into five categories:</p> <ul style="list-style-type: none"> • individuals or entities who act on FirstRand’s behalf in dispensing its legal obligations, such as intermediaries, agents or advisors. In addition to the aforementioned, these third parties may act on FirstRand’s behalf for the purpose of winning and retaining business from new or existing clients and receive a monetary or non-monetary benefit; • business partners as well as joint ventures who act together with the FirstRand 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; • any entity in which FirstRand holds a significant investment (20% and more shareholding in the target), mergers and acquisitions; and

	<ul style="list-style-type: none">• vendors, suppliers, contractors, consultants who deliver products and/or services directly to the FirstRand. <p>Other third parties may include instances where FirstRand may have an unpaid relationship with a third party. This includes where FirstRand clients may independently engage a third party and that third party subsequently interacts with FirstRand on behalf of their mutual client. For example, there may be instances where our client engages a third party i.e. a broker who then engages FirstRand on behalf of the client. The broker may even make payments to FirstRand on behalf of mutual client. In addition, included under “other third parties” are landlords, property buyers and tenants. These third parties do not fall within the abovementioned categories but may present bribery and corruption risk to FirstRand.</p>
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2 INTRODUCTION

FirstRand is committed to conducting business in an ethical way that upholds integrity and the trust that external and internal stakeholders instil in doing business with FirstRand. The FirstRand code of ethics reflects FirstRand's commitment to high levels of integrity and good governance in all business dealings.

FirstRand's code of ethics informs its approach to combat bribery and corruption. 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. FirstRand therefore seeks to prevent all instances of bribery and corruption within the organisation. Accordingly, FirstRand has no tolerance for non-compliance and seeks to achieve full compliance with the letter and purpose of anti-bribery and corruption legislation and regulation.

FirstRand'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 FirstRand's minimum standards relating to bribery and corruption risk management and compliance, as well as the operating procedures adopted by the various constituent components to give effect to these standards.

In addition to the local and international regulatory obligations to which FirstRand is subject¹ to, this policy also references and incorporates international standards, best practices and guidance, where appropriate.

3 PURPOSE

The purpose of the ABC policy is to enable FirstRand employees and representatives to distinguish conduct that is acceptable from conduct that is deemed unacceptable from a bribery and corruption perspective. Furthermore, the ABC policy identifies and sets out the principles on which the FirstRand minimum standards, constituent component operating standards and procedures relating to anti-bribery and corruption must be developed and applied throughout FirstRand. 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.

4 SCOPE

The ABC policy applies to employees of all FirstRand's constituent components and joint venture partners. For the purposes of this policy, employees include any person who conducts work for FirstRand and who receives, or is entitled to receive, any remuneration directly from FirstRand, which includes permanent employees, fixed-

¹ 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.

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 FirstRand.²

5 OWNERSHIP AND REVIEW

The FirstRand Group Financial Crime Compliance (GFCC) office is the owner of the ABC policy. In order for the policy to remain current and appropriate for managing FirstRand's bribery and corruption risks, it must be reviewed at least annually or when reasonably required given changes in legislation, best practice and regulatory guidance. The ABC policy must be approved by the Financial Crime Compliance Committee (FCCC) and the FirstRand Compliance Risk Committee (CRC).

6 ADOPTION

Each constituent component must be adequately resourced to adopt and customise the 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 international operation FirstRand outside of South Africa must implement an ABC policy approved by the in-country board of directors.

In order to ensure that the above-mentioned adoption, customisation and updating take place within a reasonable time consistently across FirstRand, all FirstRand constituent components must apply the process of adoption and customisation within six (6) months after the distribution of the most recently approved version of the particular framework, policy and minimum standards. In order to ensure consistency and appropriateness of the adoption and customisation of this policy, all FirstRand constituent components must follow the following process:

- adoption and customisation of the framework, policy and minimum standards must be submitted to the FirstRand Group Financial Crime Compliance or consideration before it is submitted for approval at the relevant FirstRand constituent component's governance committees.
- operating standards and the related processes and procedures must thereafter be approved at the relevant FirstRand constituent component's governance committees;
- deviations and exceptions, all FirstRand constituent components must apply for waivers in accordance with the financial crime exemption minimum standard, and these need to be approved by the FirstRand Financial Crime Compliance Committee;
- all other deviations and exceptions (i.e., non-material) need to be submitted for noting at the relevant FirstRand Financial Crime Compliance Committee;

The above process is applicable in all instances where there are material updates to this standard made during its periodic review, or where FirstRand constituent components out of their own accord effect material amendments to their minimum operating standards.

² Further information to be provided in the FirstRand ABC third party standard.

Higher of home or host requirements prevail in case of conflict.

The application of this principle entails that the South African regulatory requirements pertaining to financial crime risk management and compliance, as incorporated into the ABC policy will apply to even where the foreign jurisdiction in which FirstRand has a presence does not have the same or similar regulatory requirements in their domestic legislation – unless the foreign jurisdiction has a stricter requirement or a regulatory prohibition, in which case the stricter requirement or the regulatory prohibition must be applied in that jurisdiction. The application of this principle is ultimately one of the conditions for the FirstRand banking licence and is consequently of the utmost importance. Therefore, all international subsidiaries and operations of FirstRand must apply the higher of home (South Africa) (SA) or host (non-South African country) (non-SA) principle.

Each of the FirstRand international subsidiaries and operations must therefore compare the FirstRand ABC policy requirements with their host/domestic legislation and regulations and assess if there are any areas of incompatibility or discrepancies; they must further assess if their host countries have legislation, regulations or regulatory guidance which **prohibit** the application of the minimum requirements contained in this policy. In both instances the Head of FirstRand Group Financial Crime Compliance as well as the FirstRand Financial Crime Compliance Committee must be advised of same, including any host country requirement that is more onerous than the ABC policy, within sixty (60) business days of discovering such discrepancies.

Once the assessment has been completed, each of the FirstRand, international subsidiaries and operations must ensure that the stricter requirements of either home requirements or their domestic legislation must be applied. In the event that a host country has legislation, regulations or regulatory guidance which **prohibit** the application of the minimum requirements contained in this policy, a waiver must be applied for, in accordance with the requirements set out in the financial crime exemption minimum standard, which contains the details in respect of the application of the higher of home or host principle, the concept of waivers, the ambit thereof and the high-level process to apply for waivers.

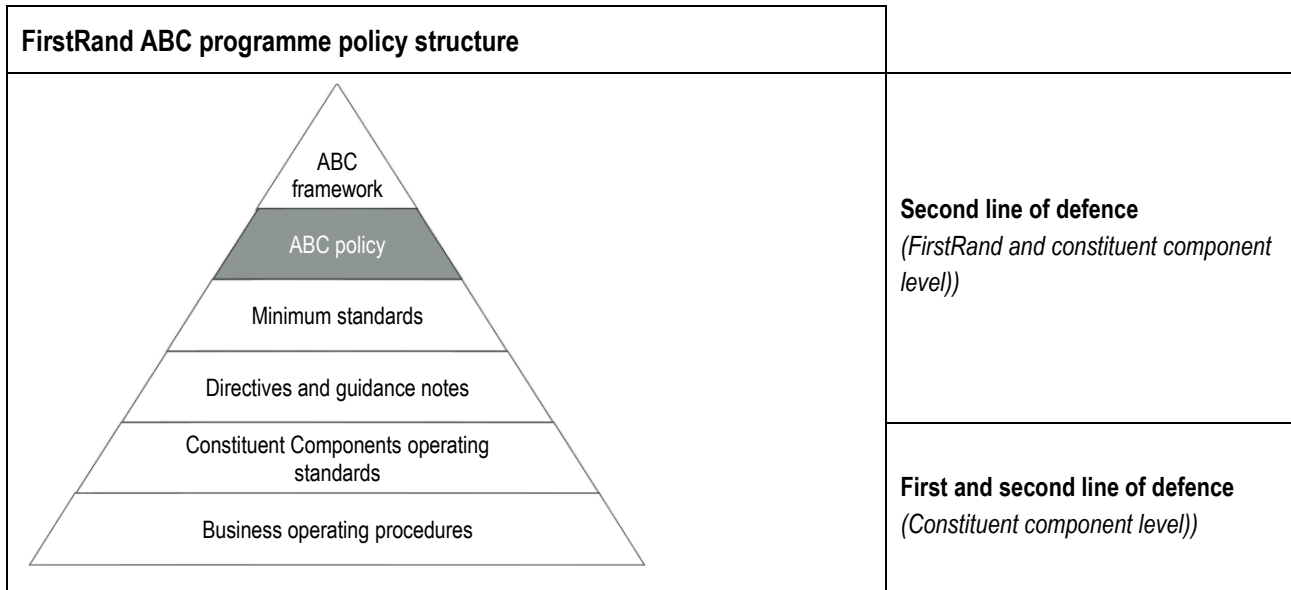
7 PUBLICATION

The latest versions of FirstRand ABC frameworks, policies, standards and directives are published on FirstRand intranet. It is the responsibility of each constituent component to ensure that the ABC policy is distributed to all employees whose roles are impacted by it.

8 RELATED POLICIES

This policy forms part of FirstRand 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 FirstRand minimum standards.³



The FirstRand code of ethics reflects FirstRand’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 FirstRand 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;
- supplier code of conduct;
- responsible competitive practices;
- market conduct, remuneration incentives and conflicts of interest.

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

³ 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 management governance documents, as adopted from time to time.

9 ADHERENCE, BREACH AND PENALTIES

The provisions of this policy are mandatory. Non-compliance with the ABC policy and its supporting minimum standards and operating procedures can expose employees, directors and FirstRand to significant regulatory sanction, fines and criminal liability. The increased reputational risk arising from such non-compliance will furthermore negatively affect FirstRand's ability to attract and retain customers, source funding and participate in certain markets. Non-compliance by FirstRand employees may therefore result in disciplinary action and could result in dismissal and may include civil or criminal prosecution in terms of the applicable legislation. FirstRand reserves the right to pursue all legal means to recover proceeds generated through bribery or corruption.

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

There may be instances where constituent components are 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 FirstRand log or reporting systems.

For oversight purposes, all ABC waiver approvals for operations outside of South Africa must be noted at the proceeding FirstRand Financial Crime Compliance Committee (FCCC). The committee retains the discretion to escalate the waiver approval to the CRC if there is discomfort with the level of risk acceptance adopted by the operating constituent component. 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 FirstRand Group Financial Crime Compliance and the affected constituent components, and prior to the abovementioned approvals.

10 ABC PROGRAMME POLICY PRINCIPLES

This policy establishes several principles on which the FirstRand constituent components must base their operating standards and procedures. FirstRand must conform to these principles.

10.1 Principle 1: Acting with integrity

The most effective way to combat bribery is to ensure all FirstRand and all its constituent components, including joint ventures and third parties who represent FirstRand and its constituent components must act with integrity. Accordingly, FirstRand representatives must:

- be honest and transparent in business dealings;
- put the interest of FirstRand 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 FirstRand representatives must:

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

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

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

10.2 Principle 2: Risk assessments

FirstRand and constituent component 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 constituent component, to ensure that both internal and external bribery and corruption risks, vulnerabilities or threats are prevented, detected and managed adequately at a minimum of at least every 18 months as per the Anti-Bribery and Corruption Risk Assessment Methodology. 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 in accordance with the nature, scale/size and complexity of business activities;
- determine the overall residual bribery & corruption risk rating of the FirstRand component constituents; and
- Ensure ongoing review of the ABC measures.

The following risk indicators should be included 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, politically exposed persons (PEPs) and prominent influential persons (PIPs);
- business relationships with third parties;
- adverse information;
- conflict of interest;
- gifts, entertainment, hospitality and speaker fees;
- 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 joint ventures and 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.

10.3 Principle 3: Communications and training

An integrated approach to all aspects of anti-corruption employee engagement must be adopted to ensure that all FirstRand employees receive consistent messaging and advice across training, advice and whistle-blowing channels, line management and FirstRand communications.⁴ General awareness training on bribery and corruption is managed at a FirstRand level and is mandatory for all employees and, where necessary and appropriate, applicable third parties as per the FirstRand ABC General Awareness Training Guidance Note

Each constituent component must implement tailored communications and ensure adequate targeted trainings is provided to impacted 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. Constituent component programme owners must

⁴ 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.

⁵ Further information to be provided in a FirstRand ABC Targeted Training Guidance Note

ensure that all new and current employees are aware of the ABC programme and related training requirements.

10.4 Principle 4: Third party risk assessment and due diligence

In accordance with FirstRand'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 FirstRand establishes or intends to establish some form of business relationship. Third parties can broadly be divided into five categories:

- individuals or entities who act on FirstRand's behalf in dispensing its legal obligations, such as intermediaries⁶, agents or advisors. In addition, these third parties may act on FirstRand's behalf for the purpose of winning and retaining business from new or existing clients and receive a monetary or non-monetary benefit;
- business partners and joint ventures who act together with FirstRand 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, mergers and acquisitions;
- vendors, suppliers, contractors, consultants who deliver products and/or services to FirstRand; and
- Other third parties may include but are not limited to buyers of FirstRand property, tenants and instances where FirstRand may have an unpaid relationship with a third party or where FirstRand clients may independently engage third parties which interact with FirstRand or behalf of FirstRand clients. These third parties do not fall within the abovementioned categories but may present bribery and corruption risk to FirstRand.

Depending on the circumstances and the applicable laws, FirstRand may be held liable for the illegal activities of third parties. To manage this risk, the constituent component 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 as per the third party risk assessment and due diligence standard and supporting third party risk assessment methodology.

All third parties in-scope of the third party risk assessment and due diligence standard must undergo a third party risk assessment as per the ABC Third party Risk Assessment Methodology. The following factors⁷ should, amongst others, be considered when assessing the ABC risks related to third parties:

- the sector/industry in which the third party operates;
- The type of third party;

⁶ 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.

⁷ See Annexure A for further factors.

- the business form and organisational structure (directorship and ownership);
- the relevant jurisdiction(s);
- the degree or lack of FirstRand 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 business relationship;
- any connection to the third party that may pose a conflict of interest;
- 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, fixed fee).

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 constituent components should refrain from delegating considerable discretionary authority to any third party who has the propensity to engage in illegal activities.⁸

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, FirstRand 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, FirstRand procurement and the relationship owner must ensure that beneficial ownership and directorship of all third-parties to be screened are loaded on the procurement system. Any constituent

⁸ Further information to be provided in the FirstRand ABC third party standard.

component that transacts with a third party outside of the procurement system must ensure that similar screening of beneficial ownership and directorship (executive directors) occurs against said third parties. In addition to sanctions screening, PEP and adverse information screening should be conducted to assess any associated risks prior to contracting with any third party.

It is acknowledged that constituent components and FirstRand 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 constituent component must develop and submit embedment action plans with their relevant risk governance forums and for noting at the FirstRand Financial Crime Compliance Committee. This should be read in conjunction with the provisions of section 5 pertaining to adoption.

Constituent components must ensure that participants in FirstRand'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.

ABC clauses are a critical anti-bribery and corruption control as the clauses explicitly communicates FirstRand's expectations on anti-bribery and corruption, as well as ethical behaviour. In addition, the clauses establish rights and specifies anti-bribery and corruption requirements and processes for monitoring, remediation and termination. Furthermore, ABC clauses should be included in all agreements with representative or collaborative partners as well as joint ventures, business partners, significant investments and mergers and acquisitions. There may be instances where FirstRand may be unable to impose ABC clauses in the case of transactional partners, this requirement should be assessed on a case-by-case basis depending on the outcome of the ABC risk assessment. However, FirstRand must ensure that the clauses provided by the transactional partner in these instances, mitigate the bribery and corruption risk. The relationship owner or Procurement should engage the relevant compliance officers and Legal to ensure the risk is sufficiently mitigated.

To the extent that constituent components hold relationships with third parties who are known to facilitate corporate political contributions and/or charitable contributions, those constituent components 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 FirstRand.

Constituent components should also conduct regular reviews⁹ to ensure that third parties with current relationships with FirstRand do not pose unacceptable ABC risks. Constituent components should embark on a process of:

⁹ 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.

- 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.

10.5 Principle 5: Gifts, entertainment, hospitality and e speaker fees

The FirstRand financial crime Centre of excellence must ensure that all employees are aware of the applicable requirements in relation to gifts, entertainment, hospitality and speaker fees– 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 FirstRand's sponsorship, donations, gifts and entertainment standard, is taken when their reports declare gifts or invitations. Where line managers 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 Ethics and Conduct Risk Office for guidance.

Gifts in the form of travel and accommodation are prohibited, however the Sponsorships, Donations, Gifts and Entertainment standard (SDGE) provides exceptions to this prohibition and the approval process that must be followed.

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.

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

10.5.1 Speaker Fees

Fees paid or benefits provided (i.e., gifts and entertainment) to external speakers or employees who are invited to speak at external events may present bribery and corruption risk particularly if the speaker is a public official, prospective client or a client of FirstRand. Constituent components should consider the risks associated with the speaker/s, fees and benefits to be provided prior to the finalisation of the agreement. Furthermore, constituent components should not commit to utilising the speaker services or accepting an invitation to speak at an external event without considering the risk the speaker engagement may pose to FirstRand.

10.6 Principle 6: Dealing with public officials

The legislative requirements applicable to FirstRand prohibit the offer, promise or provision of a financial or other advantage to both local and foreign public officials¹⁰, 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 FirstRand 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 FirstRand's policy position on gifts and hospitality, all FirstRand representatives are prohibited from offering, giving, or promising any gratification or advantage, to any local or foreign public official or client in order to influence their decisions or to ensure favourable treatment.

All FirstRand representatives must seek and acquire prior approval as per the ABC SDGE Standard for all gifts and gratuities (including travel, hospitality or entertainment expenses) to be given to clients, including 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.

10.7 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 FirstRand'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.

Charitable donations may include business grants where FirstRand may provide non-repayable funding to non-profit organisations to support the growth of small and micro businesses. This form of grant presents substantial bribery and corruption risk as both the bank and the prospective organisation may engage in bribery and corruption to influence the selection process.

¹⁰ 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.

Constituent components must ensure that all donations and sponsorships follow the relevant sponsorship, promotion and donation constituent component policies and processes,¹¹ 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;
- 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, FirstRand 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 FirstRand 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 constituent component or FirstRand ethics officer.

To mitigate the bribery and corruption risk posed by these engagements, constituent components should ensure that ABC clauses are included in all donations and sponsorships agreements. However, ABC clauses need not be included for donations in the following instances:

- For colleague volunteering initiatives where the only funding to be donated is raised by colleagues and there is no match funding by FirstRand or FirstRand constituent components.
- Where colleagues provide donations in their personal capacity.

¹¹ Further information is provided in the FirstRand sponsorship, donations gifts and entertainment standard

Constituent components should, however, consider any reputational risks that the above will pose where FirstRand branding will be used.

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 FirstRand employees, acting solely in their personal capacities, may not involve the use of any FirstRand intellectual property, funds, office space or property. Further information in this regard can be found in FirstRand'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 FirstRand'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 FirstRand 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 FirstRand 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 FirstRand is made by a panel of FirstRand representatives and not a single representative.

10.8 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 FirstRand employees to make such payments should be reported as soon as reasonably possible to management and the FirstRand ethics and conduct risk office.

10.9 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. FirstRand

prohibits solicitation and extortion by its employees or third parties acting on its behalf, any requests to FirstRand employees to make such payments should be reported as soon as reasonably possible to management and the FirstRand ethics and conduct risk office and FirstRand group crime and security risk management office. Additionally, constituent components must determine whether such payments should be reported to relevant authorities, i.e. police officials.

Furthermore, FirstRand must ensure that coerced payments made are accurately recorded with a clear description of its purpose.

Constituent components should consider the following:

- Where an employee is required to travel for business purposes, a risk assessment on each destination should be conducted to determine the applicable laws, tariffs, permits and documents required prior to entry and doing business in that destination.
- Constituent components are responsible for training their employees on what steps to follow when coerced or forced to make a life and limb payment and what process to follow thereafter.

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

10.10 Principle 10: Incident reporting and disclosures

All FirstRand employees and anyone acting on FirstRand’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.

If employees are in doubt as to whether an incident constitutes bribery or corruption, they **MUST** seek advice from their constituent component ethics officer or refer their query to the FirstRand ethics and conduct risk office or the FirstRand Group Financial Crime Compliance, as the failure to report incidents of bribery and corruption may in itself constitute an offence.

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 on page 28 of 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 constituent component ethics officer or refer their query to the FirstRand ethics and conduct risk Office.

FirstRand makes use of whistle-blowing channels (telephone, email and website, for reporting unethical behaviour, as set out below. The constituent component/ risk managers and compliance officers must therefore ensure that all available incident reporting channels are communicated to employees and are available at all times.

FirstRand ethics line websites (all countries excluding , Ghana, Lesotho, Mozambique and Zambia):	
NAVEX Web Intake Site URL	firststrandbank.ethicspoint.com
NAVEX Mobile Intake Site URL	firststrandbankmobile.ethicspoint.com
NAVEX One Compliance Hub	firststrandbank.navexone.eu/peoplehub
FirstRand ethics line websites (only for, Ghana, Lesotho, Mozambique and Zambia):	
Deloitte website	www.firststrandethicsoffice.com
Deloitte e-mail	report@firststrandethicsoffice.com
FirstRand ethics line toll free numbers (All countries):	
South Africa (<i>Navex</i>)	0800 010 744
United Kingdom – including Guernsey and Jersey (<i>Navex</i>)	0800 031 8252
United Kingdom - Aldermore (<i>Deloitte</i>)	0808 238 75 00
Botswana (<i>Navex</i>)	00269 800 4800 125 (BTC users) 001 833 789 2491 (USA universal line)
Eswatini (<i>Navex</i>)	001 833 789 2491 (USA universal line)
Ghana (<i>Deloitte</i>)	544 315 491 (local) +27 31 571 5077(RSA underpinning number) +27 11 929 3332 (call back)
India (<i>Navex</i>)	022 5097 2944
Lesotho (<i>Deloitte</i>)	80022055 (Econet) +226 31 571 5077 (International call rates) +27 11 929 3332 (call back)
Mauritius (<i>Navex</i>)	8020490076
Mozambique (<i>Deloitte</i>)	+800 333 312 (Vodacom)

	+27 11 929 3332 (call back)
Namibia (<i>Navex</i>)	083 380 0102
Nigeria (<i>Navex</i>)	02 01 227 9235
United States of America (USA) (<i>Navex</i>)	8337892491
Zambia (<i>Deloitte</i>)	+260 971 231 250 (Airtel users) 5080 (all networks) +27 11 929 3332 (call back)
Note: Kenya, Angola, China, Singapore and other countries not listed above:	Kindly use the NAVEX web intake, mobile intake and One Compliance Hub above to submit an ethics line report.
Other contact details	
FirstRand ethics office – General queries	ethicsfirst@firststrand.co.za
Leading Light email	leadinglight@firststrand.co.za
Control room email	compliancecontrolroom@rmb.co.za

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

The FirstRand 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 FirstRand representatives.

All reported bribery or corruption concerns must be escalated to the FirstRand Ethics and Conduct Risk Office and FirstRand Group Financial Crime Compliance, which will ensure that due process is followed.¹² 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 Ethics and Conduct Risk Office and FirstRand Group Financial Crime Compliance 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 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, FirstRand Group Financial Crime Compliance will, in consultation with the relevant governance forums, legal department and constituent component (as required), provide guidance in relation to the requirement to conduct any further action. This may include the exiting of a

¹² Further information is provided in the FirstRand ABC Reporting and Disclosures Standard

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.

10.11 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.

It is the responsibility of constituent component to ensure that all transactions processed on FirstRand 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.

FirstRand may under no circumstances maintain “off the record” accounts.

10.12 Principle 12: Payment controls

Procurement is an area with inherently high bribery and corruption risks. The constituent component 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 FirstRand Procurement Policy.

While the FirstRand procurement policy includes principles regarding payment controls to be applied for the purchasing of goods and services, there are several constituent components 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 constituent component 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 FirstRand and its suppliers and must be signed by duly authorised representatives of the suppliers and FirstRand, when required in terms of the rules of contracting set out in FirstRand’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.

10.13 Principle 13: Employee recruitment and vetting

All employee recruitment must be conducted in line with human capital procedures and in line with employee integrity screening as per the FirstRand financial crime risk management and compliance programme (RMCP). Furthermore, to establish further bribery and corruption risk prior and after commencement of employment, all successful applicants and existing employees should complete conflict and declarations of interest as per the FirstRand conflicts of interest management policy. After the commencement of employment, employee integrity screening including criminal checks should be conducted as per the FirstRand financial crime RMCP.

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.

To manage the bribery and corruption risks associated with recruitment and human capital activities, FirstRand should ensure that all recruitments are merit-based and apply objective standards as per the FirstRand human capital procedures. FirstRand and constituent components are prohibited from:

- Requesting or accepting anything of value in exchange for referring a preferred candidate for employment or any form of work opportunity or preferential treatment where not based on merit.
- Offering or providing employment or a work opportunity or preferential treatment with the intent to improperly obtain or retain business or secure and unfair advantage.
- Make arrangements internally or with other financial institutions with the purpose of circumventing these requirements.

Each constituent component 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. Where a prospective employee or existing employee are connected in their personal capacity to a PEP/public official or an external stakeholder who is able to influence whether FirstRand obtains or retains business or any advantage, such connection may present bribery and corruption risks. Prospective employees who have such a connection or existing employees who become connected must disclose such connections. FirstRand 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 match¹³, the matter must be escalated to FirstRand Group Financial Crime Compliance for recommendation and subsequent

¹³ As defined in the FirstRand politically exposed persons standard.

approval by senior management, prior to an offer of employment being made or the commencement of the engagement.

10.14 Principle 14: Remuneration structures

In line with applicable human capital remuneration policies and practises, constituent components 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, constituent components 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 FirstRand (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 FirstRand 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 reviewed in line with human capital processes and approved prior to contractually agreeing with the current employee or prospective employee.

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

10.15 Principle 15: Response protocols

The constituent component 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 non-compliance with this policy. It is therefore imperative that the constituent component and all relevant parties take prompt unbiased/fair or consistent actions to remedy the situation and enhance prevention and detection controls.

10.16 Principle 16: Recordkeeping and document retention

Records relating provisions of this Policy and breaches thereof must be prepared and maintained in accordance with the FirstRand's record keeping requirements, being a period of 7 years, such that:

- the requirements of applicable legislation are fully met;
- the relevant authorities and the internal and external auditors of the bank are able to reliably assess the adequacy of FirstRand's procedures and compliance with this policy;
- the admissibility of any forensic evidence required for legal proceedings is maintained; and
- it can satisfy, within a reasonable time, any enquiry or order from the relevant authorities as to the disclosure of information.

FirstRand's record-keeping requirements in respect of provisions of this policy should include the following:

- All documentation gathered for risk assessment, due diligence of third parties and third party agreements.
- All supporting documentation relating to sponsorships, donations, gifts and entertainment.
- All evidence gathered relating to bribery and corruption incidents.
- All supporting documentation relating to Life and limb payments made.
- Evidence of training communications made.
- All declarations of interest and connections to PEP or external stakeholders who are able to influence whether FirstRand obtains or retains business or any advantage as per Principle 13.

Records must be of good quality, legible, capable of being retrieved in a timely manner and stored securely. Where records are not stored electronically, the rationale and mitigating requirements must be documented in the applicable constituent component, procurement or Client Desirability Risk Management operating standards.

Where the outsourcing of recordkeeping is permitted by law, senior management must ensure the adherence of the above requirements by the service provider.

If the location of the centralised storage of records is outside any of the jurisdictions in which FirstRand operates, no secrecy provisions or data protection legislation should restrict FirstRand to have free and easy access to the relevant records or result in the records not being readily available to the regulatory authorities or supervisory bodies or law enforcement authorities. If restrictions exist in another jurisdiction, where records are kept which would impede such access to the records, the relevant records or copies thereof must be kept in the country in which FirstRand is based.

10.17 Principle 17: 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;
- that it addresses the consequences and impact of incidents on FirstRand;
- that this policy is complied with and that appropriate remedial/disciplinary action is taken if breaches are identified;
- that evaluation of non-conformance, root causes and implementation of appropriate preventative, detective and corrective controls; and
- that the adequacy and effectiveness of actions taken and controls implemented is reviewed, and retain an audit trail of the above processes followed is retained.

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 constituent component 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 constituent components for changes.
- Multiple changes to vendor banking details.