

Fraud Prevention and Whistle Blowing Policy



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1. Introduction

Sasria SOC Limited (Sasria) values the integrity and efforts of all its employees, in dealing with suppliers, stakeholders and other employees. Sasria recognises the need to set down its stance that fraud or any unethical conduct will not be tolerated. These efforts are aimed at protecting the interests of Sasria as a company, and those of all its stakeholders.

Sasria further recognises the need for a dispensation in terms of which employees may, without fear of reprisals, disclose information relating to suspected or alleged criminal or other irregular conduct affecting the company. Sasria in this regard will protect members of staff who make disclosures, in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000, concerning either unlawful or irregular conduct.

This policy must be read in conjunction with, but not limited to, the Ethics Management Policy, the Conflict-of-Interest Management Policy, Forensic Investigation Policy, Employee Relations Policy and other Human Capital Policies, Underwriting Risk Management Policy, Procurement Policy, and the Fraud Prevention Plan.

2. Purpose of the Policy

The purpose of this Policy is to:

- 2.1 affirm Sasria's "zero-tolerance" culture to fraud, corruption, illegal and unethical conduct in all its manifestations.
- 2.2 provide understanding of the corporate values and principles set out by the Board of Sasria in relation to ensuring that there is an anti - fraud mechanism and protection of whistle-blowers in the company.
- 2.3 promote the management of fraud risks and establishment of mechanisms to encourage the reporting of illegal and other unethical conduct, and to ensure that action is taken to investigate any matters of concern raised by Sasria's internal and external stakeholders. This will enable Sasria to initiate corrective action when deemed necessary and appropriate.
- 2.4 reassure employees that they shall be protected from occupational detriment, reprisals or victimisation for disclosures made in good faith.

3. Policy Statement

Sasria supports and fosters a culture of no tolerance for the commission or concealment of fraudulent or other illegal acts. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action, criminal prosecution, and disciplinary action where warranted. Being cognisant of its responsibility for setting the tone for effective leadership based

on an ethical foundation, the Sasria Board accepts the need to manage organisational ethics and integrity to build an ethical corporate culture that is non - tolerant of illegal and unethical conduct.

Sasria employees are prohibited from participating in anything that involves fraud and/ or illegal and unethical conduct.

Sasria further recognises the need for procedures in terms of which employees may, without fear of reprisals, disclose information relating to suspected or alleged fraudulent, illegal or other unethical conduct affecting the company and its employees.

Sasria further recognises that whistleblowing serves as an early warning system to avert possible risks to the organisation and as a result it encourages whistleblowing for timely corrective action.

4. Regulatory Framework

The regulatory framework for prevention and combating of fraud as well as protecting whistle - blowers are provided by -

- Prevention and Combating of Corrupt Activities Act, 12 of 2004
- Companies Act 71 of 2008
- Public Finance Management Act, 1 of 1999 and its subordinate legislation.
- National Treasury Regulations in terms of the Public Finance Management Act 1 of 1999
- King IV Report on Corporate Governance for South Africa 2016
- Protected Disclosures Act 26 of 2000
- Labour Relations Act 66 of 1995
- Proceeds of Crime Act, 2002
- Criminal Procedure Act, 51 of 1977
- Financial Intelligence Centre Act, 38 of 2001
- Prevention of Organised Crime Act, 121 of 1998
- Promotion of Access to Information Act, 2 of 2000
- Promotion of Administrative Justice Act, 3 of 2000
- Regulation of Interception of Communications and Provision of Communication-related Information Act, 70 of 2002 ("RICA")

5. Definitions

- **Fraud**

Unlawful and intentional making of a misrepresentation which causes actual prejudice, or which is potentially prejudicial to another.

For purposes of this Policy, the definition of “**Fraud**” encompasses a broad range of conduct involving intentional deception in connection with:

- Misleading financial statements or other accounting-related matters.
- Misappropriation of Company or customer assets.
- Other actions by Employees, agents, or third parties (e.g., consultants, vendors, registered representatives, or contractors) that derive an unauthorized personal or financial benefit to the detriment of the Company; and
- Insurance fraud, which occurs in connection with an insurance policy.

Insurance fraud involves any deliberate act committed by the insured, third-party claimant, or other external party for the purpose of obtaining some benefit or advantage (financial or otherwise) not otherwise due to them.

- **Corruption**

Corruption in its wider meaning, includes any conduct or behaviour where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. This may include agreeing to give any other person any gratification to influence that person directly or indirectly to exercise their powers, duties, or legal obligations in a manner which is/amounts to:

- Illegal, dishonest, unauthorised, incomplete, or biased behaviour.
- Misusing or selling of information or material acquired.
- Abusing a position of authority.
- Breaching of trust.
- Violating a legal duty or set of rules.
- Designing the achievement of an unjustified result; and
- Any other unauthorised or improper inducement to do or not to do anything.

- **Theft**

The unlawful and intentional appropriation of property which belongs to a person or entity with the intention of permanently depriving the person or entity of the property without their consent.

- **Good Faith**

Is when a disclosure is made without malice or consideration of personal benefit and the complainant has a reasonable basis to believe the report to be true.

- **Bad Faith**

Is when a disclosure is made recklessly, with malice and with the intention to deceive or mislead another in order to gain some benefit.

- **Employee**

Any person employed directly by Sasria on a permanent or fixed term contract basis. This includes temporary, internship and / or learnership appointees based in Sasria or placed in Sasria's stakeholders.

- **Disclosure**

Any disclosure of information regarding any conduct of an employer, or of an employee or that employer, made by any employee who has reason to believe that the information concerned, a criminal offence has been committed, is being committed or likely to be committed; that a person failed, is failing or likely to fail to comply with any legal obligation that person is subject to.

- **Protected disclosure**

Any disclosure made to a legal adviser, employer and any person in terms of Sections 7,8 and 9 of the Protected Disclosure Act of 2000.

- **Impropriety**

Any conduct which falls within the definition of disclosure in terms of the Protected Disclosure Act 26 of 2000, irrespective of whether or not the impropriety occurs or occurred in South Africa or elsewhere or the law applying to the impropriety is that of the Republic of South Africa or of another country.

- **Corrupt activities**

In terms of Section 34, means any offence under: Part 1,2,3,4, Section 21 or 22 of Chapter 2 of PRECCA or an offence of theft, fraud, extortion, and forgery or uttering a forged document. Any corrupt activity involving an amount of R100000 or more must be reported to the police.

- **Misconduct**

Failure to obey a reasonable or lawful instruction, Sasria policies and procedures; or gross dishonesty or wilful damage to the property of the employer or wilful endangering of the safety of others.

- **Money laundering**

Any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources.

- **Grievance**

In terms of Sasria's Employee Relations policy, means any dissatisfaction or feeling of injustice, in connection with an employee or a group of employees in an employment situation, and which merits the formal attention of Management of any level but excluding a disciplinary issue.

- **Victimisation**

In relation to an employee, means any act in terms of the subsections (a) to (j) of the definition of "occupational detriment" in terms of the Protected Disclosure Act of 2000.

- **Accounting Authority**

Shall be Sasria's Board of Director, as defined in Section 49 of the PFMA.

- **Confidential**

This means that the person receiving a report will know the identity of the reporter but will not make it known to anyone else without permission from the person reporting wrongdoing - unless there is a legal obligation to disclose.

- **Partially anonymous**

This means that Deloitte Tip-offs Anonymous will know the identity of the reporter but will not make it known to Sasria.

- **Anonymous**

This means that the reporter does not state his or her name when reporting unethical conduct.

6. Policy Implementation

Crime in its broadest definition will not be tolerated, irrespective of a person's position or number of years of services and will be uniformly and severely dealt with. It is also expected from all employees to report suspected instances of fraud.

The following principles govern and support Sasria's anti - fraud and whistle - blower protection practices. This policy shall be implemented in line with a value-based anti - fraud and ethical culture adopted by Sasria Board and driven by Management, as follows:

- (a) Adoption and implementation of corporate ethical values.
- (b) An established and resourced Social and Ethics Committee.

- (c) Adoption of, and implementing an anti-fraud policy, balancing it with protection of whistle-blowers statements and mechanisms. Development of Procedures that reduce fraud risk to ensure that upon the occurrence of a fraudulent event, detection takes place, contingency plans protecting the interests of Sasria are in place, and that where possible the potential offender can be successfully prosecuted.
- (d) Implementation of internal controls by Management to ensure that such controls are operating effectively to deter and detect fraud, corruption and dishonesty.
- (e) Identification, assessment and management of fraud risks.
- (f) Application of the Policy to any actual or suspected act of fraud, theft, corruption and dishonesty involving any Sasria's employees as well as consultants, vendors, contractors, employees doing business with outside agencies and/or any other stakeholders having a business relationship with Sasria.
- (g) All staff being alert to the possibility that unusual events or transactions could be the symptoms of an actual or attempted act of fraud, theft, corruption or dishonesty.
- (h) All directors meeting the fit and proper requirements of ethics and integrity.
- (i) Staff training to ensure awareness.
- (j) Reporting and disclosure of ethics activities to relevant stakeholders.
- (k) Ensuring that whistle-blowers should do so without fear of victimisation or subsequent discrimination or disadvantage of any form.

7. Fraud Prevention Process

7.1 Prevention

Effective prevention will be largely dependent upon employees fully understanding the parameters of their operations and ensuring that risk aspects are appropriately managed.

7.2 Detection

Successful detection will be entirely dependent upon the controls in place, tools and technology employed, and the honest actions of employees, FSPs and organisations that Sasria does business with.

7.3 Investigation

All identified fraudulent incidents and instances of unethical conduct must be adequately investigated by the Forensic function as outlined in the Forensic Investigation Policy

In all cases where it is established that an employee was involved, an internal disciplinary process will apply and where necessary the case will be reported to the South African Police Services or other relevant legal authority.

7.4 Consequence Management

Coordination and implementation measures and activities undertaken to alleviate the damage, loss, pain and suffering caused by a fraudulent incident will be determined by what is most appropriate and effective action to address. It may take different forms, such as:

i. Recovery

Upon becoming aware of a fraud related incident which has resulted in a loss or potential loss to Sasria, immediate action must be taken to minimise the loss and initiate the recovery process via the most appropriate means.

ii. Remediation

In order to prevent fraud of a similar nature from occurring, Sasria will adopt an appropriate remediation process. This process must include identification of the root cause, process, people or systems failure that has resulted in the loss occurring.

iii. Disciplinary process

Sasria may institute disciplinary process to correct the employee's conduct. Subject to severity of the misconduct the disciplinary process may have serious consequences such as dismissal.

7.5 Disclosures

This policy offers protection to all whistleblowers who report concerns that are made in good faith, provided there is reasonable belief that an unethical practice or misconduct has taken place. Sasria will not tolerate any victimisation or harassment of a whistleblower. The organisation commits to ensuring that no person suffers occupational detriment. Occupational detriment, according to the Protected Disclosures Amendment Act, Act 5 of 2017, includes the following:

- any disciplinary action because of a disclosure;
- being dismissed, suspended, demoted, harassed or intimidated;
- being transferred against his or her will;
- refusal of transfer or promotion;
- disadvantageous alteration of a term or condition of employment or retirement;
- being refused a reference, or being provided with an adverse reference;
- being subjected to any civil claim for the alleged breach of a duty of confidentiality or a confidentiality agreement arising out of the disclosure of:
 - a criminal offence; or

- information which shows or tends to show that a substantial contravention of, or failure to comply with the law has occurred, is occurring or is likely to occur.
- denied appointment to any employment, profession or office;
- being otherwise adversely affected in respect of his or her employment, profession or office, including employment opportunities and work security and the retention or acquisition of contracts to perform work or render services.

7.6 Confidentiality

Sasria will treat all whistleblower reports in a confidential manner. The investigator may require the whistleblower's identity for investigative purposes however, the identity of the whistleblower making the report will be kept confidential and never be disclosed unless required by law.

7.7 Malicious reporting

Any whistleblower who is acting in good faith but unintentionally provides false or misleading information will still be protected according to this policy. Any person who provides false or misleading information with the intention of causing harm to another person or entity and where the affected parties have suffered harm because of such disclosure, is guilty of a criminal offence. In accordance with the Protected Disclosures Amendment Act (Act 5 of 2017) such the person is liable on conviction to a fine or to imprisonment for a period not exceeding two years or to both a fine and imprisonment, as well as internal disciplinary processes.

7.8 Proactive management

Regard should be given to the Fraud prevention Plan which outlines fraud and corruption strategies, summarised below:

- **Structural Strategies** – outlines the actions to be undertaken in order to address fraud and corruption at a structural level.
- **Operational Strategies**- outlines internal controls, employee awareness, Pre-employment Screening and Recruitment Procedures amongst others.
- **Detection Strategies**- outlines the channels through which detection of fraud and corruption may occur.
- **Response Strategies**- outlines the reporting fraud and corruption and Investigating fraud and corruption.
- **Maintenance Strategies**- outlines the conducting of Fraud and Ethics Awareness Campaigns, review of the effectiveness of the Anti-Fraud and Corruption Strategy and the Prevention Plan, and review and updating the Anti-Fraud and Corruption Strategy and Prevention Plan

7.9 Reporting

Sasria respects an individual's right to retain their anonymity when reporting any act, relating to suspected or alleged fraudulent, illegal or other unethical conduct affecting the company and its employees.

Fraud Reporting Minimum Requirements

Any Employee who knows of or suspects any fraudulent activity must promptly report such activity through the contact information provided herein. The Employee must not conduct his or her own investigation, without prior consultation and coordination with the handling area, nor discuss his or her concerns directly with the parties suspected of fraudulent activity. Instead, the Employee should retain any information (physical or electronic) relating to such suspected fraud and provide it to the appropriate investigative group.

Where to report

Sasria provides several safe reporting mechanisms. Reports can be made to any of the people mentioned below. There is no reporting protocol, in other words, stakeholders can report to any of the people:

- A direct line manager
- Another manager
- Compliance Officer
- Company Secretary
- Ethics Lead or Ethics Officer
- Head of Internal Audit
- Chief Executive Officer

If an employee or other stakeholders feel uncomfortable reporting to any of the above, they can report confidentially and anonymously to the hotline which is independently administered by Deloitte Tip-offs Anonymous, using the details below:

The contact details.

Free Call phone: 0800 212 676

(Exclusive to Sasria)

Free Call fax: 0800 00 77 88

(For the sending of relevant documentation to support a tip-off)

Unique e-mail Freepost

address sasria@tipoffs.com

Tip-offs Anonymous Freepost KZN 138 Umhlanga Rocks 4320

(to mail letters and relevant documentation)

The operation of the anonymous hotline is outsourced to an external service provider who sanitises the information to remove all traces that may identify the person making the report before forwarding the information to Sasria for investigation.

What to report

Reporters of misconduct do not have to have evidence ready before reporting, but whistleblowers must have reasonable grounds for their suspicions.

When a protected disclosure is made, the whistleblower may not have all the sufficient evidence but may be asked who, when, what, why, where and how the incident happened to assist investigators in gathering evidence.

The Protected Disclosures Amendment Act lists the following as reportable disclosures:

- That a criminal offence has been committed, is being committed or is likely to be committed;
- That a person has failed, is failing or is likely to fail to comply with any legal obligation to which that person is subject;
- That a miscarriage of justice has occurred, is occurring or is likely to occur;
- That the health or safety of an individual has been, is being or likely to be endangered;
- That the environment has been, is being or is likely to be damaged;
- Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, No. 4 of 2000; or
- That any matter referred to above has been, is being or likely to be deliberately concealed.

This is not an exhaustive list and reportable offences may include other unethical acts such as:

- Sexual harassment
- Victimization
- Abuse of power
- Theft

Confidentiality and anonymity

Sasria employees and other stakeholders may report misconduct confidentially, partially anonymous or anonymously. The three categories of reporting are defined in the definition section of this Policy.

8. Applicability

This policy applies to any irregularity, or suspected irregularity, suspected or alleged fraudulent, illegal or unethical conduct involving directors (executive and non-executive), employees and where appropriate consultants, vendors, contractors, third doing business with Sasria or employees of third parties, and/or any other parties having a business relationship with Sasria.

9. Policy Monitoring

The policy is implemented through development of a standard operating procedure. Implementation and compliance to the policy will be monitored by the Internal Audit and the Compliance Department as oversight functions.

10. Roles and Responsibilities

Appropriate governance bodies within Sasria shall oversee the application of the fraud prevention and whistle-blowing policy and related policies, principles and procedures.

11. Failure to Apply or Comply with the Policy

Sasria views its Fraud Prevention and Whistle Blowing Policy in a serious light and failure to comply with this policy may result in disciplinary action being taken against such employee in accordance with Sasria's Human Capital Policies as amended from time to time.

12. Policy Review

- The policy will be reviewed at a three-year interval to ensure its relevance and alignment with applicable legal and governance requirements.
- Where relevant; however, policies may be reviewed earlier than the above three-year period, where there are major changes and / or gaps identified in the policy or where a shorter policy review period is dictated by law or other form of regulation.