

# ALTRON POLICY MANUAL

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## PART B – SECTION 5

### CORPORATE GIFTS AND ENTERTAINMENT POLICY

## **CORPORATE GIFTS AND ENTERTAINMENT POLICY** **FOR THE ALTRON GROUP**

### **1. Introduction**

- 1.1 It is unethical, against the law and contrary to good corporate governance for businesses, their directors, officers, employees or representatives, to offer or provide persons with gifts and/or entertainment with a view to improperly influence or induce those persons in order to obtain some benefit or result.
- 1.2 On the other hand, it is a daily occurrence in business, and it is in fact a business prerequisite, that businesses and their suppliers and customers build up sound relationships and a thorough understanding of their respective products and services offerings and requirements. No business can provide a professional service unless it has an intimate knowledge of the offerings of its suppliers and of its customers' requirements.
- 1.3 Subject to paragraph 3.9, gifts and entertainment offered with a view to establishing and strengthening relationships are acceptable from a business perspective, but when these gifts and entertainment are offered in order to induce some benefit or result, it becomes a criminal offence.
- 1.4 The purpose of this policy is to establish principles and guidelines as to what would constitute normal and acceptable behaviour in relation to gifts and entertainment, and as to what would be regarded as unethical, criminal or contrary to good corporate governance and behaviour.
- 1.5 On the basis that this policy provides guidelines only and that it is not intended to deal with each and every possible scenario that may arise, where any doubt exists as to whether a specific type of conduct or behaviour would be acceptable or not, prior advice should be sought from one of the Altron Group Legal Advisers or from the Altron Group Company Secretary.
- 1.6 This policy applies to all Altron group companies, their various business operations, and to all their directors, officers, employees and representatives.

### **2. Background**

- 2.1 This policy is to be understood and interpreted against the background of the Prevention and Combating of Corrupt Activities Act, No 12 of 2004 ("the Act"). The UK Bribery Act, 2010, and comparative legislation of other countries in which the Altron Group conducts business may also be relevant.

- 2.2 The Act is extremely wide and onerous, and states that any person who gives or accepts (or attempts to do so) any “gratification” for himself or another in order to act, or induce anyone else from acting, in a manner that amounts to any illegal, dishonest, unauthorised or biased conduct, or the abuse of a position of authority, or is designed to achieve an unjustified result, or is in breach of trust, or in breach of a set of rules, or to act in any unauthorised or improper manner, is guilty of corruption. “Gratification” has an extremely wide definition and includes money, gifts, donations, loans, fees, release from an obligation and any other advantage of whatsoever nature.
- 2.3 The Act furthermore specifically outlaws the improper inducing or the attempt to do so, of anyone in connection with the awarding of a contract or tender or the fixing of prices. These also constitute prohibited practices in terms of the Competition Act, 1997, as amended.
- 2.4 The Act prescribes penalties ranging from five times the value of the corrupt activity to prison sentences ranging between five years and life imprisonment.
- 2.5 The underlying principle espoused in the Act is that anything which is given or received with the intention “to improperly induce” is illegal. Both the person who gives and the person who receives are guilty. “Induce” is defined so as to include “persuade, encourage, coerce, intimidate or threaten or cause a person” to do something, but it is not limited to these specific cases. The “improper” aspect will be established when the motive and method of the “giving” and “receiving” are analysed. For example, if a person is persuaded to award a contract to party A rather than to party B on the strength of the better prices, quality and delivery terms offered by party A, then there is nothing “improper” about this. However, if the offerings by party A and party B are more or less equal, or party B’s offering is in fact better, but the contract is notwithstanding this awarded to party A because of the giving of some kind of “gratification” or benefit, this will constitute “improper” conduct which is criminalized by the Act. The attempt to improperly influence the customer also constitutes a crime.
- 2.6 The Act states that if the receipt or providing of the gratification is proved and no lawful excuse for the receipt or giving thereof can be substantiated, then it is deemed that the giving or receipt has taken place in order to achieve the conduct prohibited by the Act, i.e. the “improper inducement”.
- 2.7 The Altron group at all times maintains the highest levels of ethical and lawful conduct and it embraces and prides itself on good corporate governance and on its good name and reputation – under no circumstances whatsoever will any conduct which may be regarded as unethical, unlawful or in breach of good corporate governance, or which has the potential to tarnish the good name and reputation of the Altron

group, be tolerated and, where such conduct occurs, disciplinary and/or legal proceedings will be instituted.

### 3. **GENERAL PRINCIPLES AND REQUIREMENTS**

- 3.1 As per Altron Policy general requirements, all approvals referred to herein must be in writing.
- 3.2 The attached schedule sets out the categories of gifts and entertainment that have been identified, and establishes the approvals and disclosures that are required. The overriding principle is that the person whose approval is required must always be more senior than the person who seeks approval. If there is no such senior person available in a specific company or division the matter must be referred to the appropriate senior person of the immediate holding company of the first company or division.
- 3.3 No gifts comprising cash or cash equivalents (e.g. gift vouchers, coupons, shares etc) may be offered or accepted under any circumstances, but this does not apply to vouchers that constitute part of a product or service offering to consumers in general in the ordinary course of doing business against payment of fair consideration for it, such as gift vouchers linked to cell phone contracts.
- 3.4 No offer of gifts or entertainment may be accepted under circumstances where it is accompanied by any direct or indirect suggestion, hint, "understanding" or implication that in return for the gift or entertainment some expected or desirable outcome is required. It speaks for itself that no gift or entertainment may be offered under similar circumstances.
- 3.5 In respect of gifts or entertainment offered to group companies or their directors, officers, employees or representatives, the required approval should be obtained prior to the acceptance thereof. Where prior approval is not possible in view of the particular circumstances, disclosure of the receipt of such gifts and/or entertainment should be made at the earliest possible opportunity to the relevant person whose approval is required.
- 3.6 No gifts and/or entertainment may be provided unless the prior approval of the person whose approval is required, has been obtained. Where this is not possible, depending on the particular circumstances, such approval must be obtained at the earliest possible opportunity after the gift and/or entertainment has been provided.
- 3.7 The regular, ongoing and habitual entertainment of the same customers or suppliers is discouraged and as a rule should be disallowed as this may create a suspicion of impropriety.

- 3.8 The offering of gifts and/or entertainment should as far as possible be limited to events such as year-end celebrations, the birthday of the recipient, customer or supplier events involving customers or suppliers in general, financial results announcements, press release events, the celebration of the successful conclusion of a contract or project, ongoing customer contacts, marketing events, sponsorship events, corporate days and sports days and any other events where it is of necessity required, or where it is generally expected or accepted, that gifts and/or entertainment would be provided.
- 3.9 The value of gifts and/or entertainment should always be considered in relation to the position and income of the person who receives it, the underlying principle being that the nature and value of the gift and/or entertainment should always be such that it is unlikely that it would bear influence on that person, having regard to his income and/or standing. It is logical that if a person earning a relatively low income is offered a valuable gift or treated to expensive entertainment, it is much more likely that that person could be “improperly induced”, compared to a person who earns a high income or enjoys a high standing. The value of the gift or entertainment should always be relatively low, having regard to all relevant circumstances, and should always be such that it can be regarded as reasonable by the average person.
- 3.10 Gifts may only be retained by the person to whom they have been given if the person whose approval is required specifically indicates so, otherwise they should be handed over to the employing company.
- 3.11 Each group company has the prerogative to require any of its directors, officers or employees to return any gift where such gift is regarded as improper or inappropriate. Employees shall have no claim against the company concerned, or its officers or employees, for requiring that any gift be returned.
- 3.12 Where entertainment is provided without prior approval, and such approval is subsequently refused, the company will not be liable for the cost of such entertainment and, to the extent that it has already been paid for by the company, it will be recovered from the employee concerned.
- 3.13 At no time may any group company or director, officer, employee or representative allow themselves to be influenced by any gift or entertainment received by any of them, in order to place any order on any supplier or to provide a customer with a discount, special pricing or other favourable terms of supply, which would not have occurred but for the fact that a gift or entertainment was received. Any attempt by any customer or supplier to “induce” anyone to place an order or to offer terms of supply which are not market related based upon any gratification offered or promised, should immediately be rejected and should be reported to that person’s immediate superior.

- 3.14 Irrespective of the level or kind of gift and/or entertainment received at any time, group companies, their directors, officers, employees and representatives should at all times remain objective and should always strive to maintain the good name and reputation of the company and to promote the best interests of the company, and not of anyone else, even if it would be to their own detriment.
- 3.15 Records should at all times be kept by all operations of any gifts and/or entertainment received or given. These should be kept for record purposes for at least 3 (three) years in case any query is raised in connection therewith.
- 3.16 No gifts and/or entertainment should be offered, directly or indirectly, in connection with any political gathering, affiliation or contribution, save as allowed by the articles of association of any group company and subject to the requirements of any such articles. This is to be understood in its widest sense and includes, without limitation, local, regional or national fundraising dinners, banquets, raffles, or any funds or gifts which could be routed, directly or indirectly, to a political candidate, party committee or organisation, or in support of a political movement.
- 3.17 This policy is not a substitution for, and shall apply in addition to, any specific policies on gifts and entertainment adopted at any board level and applicable to the directors and officers serving on that board. To the extent of any direct conflict between the provisions of this policy and any other specific policy, the specific policy shall prevail over this policy to the extent of such conflict.

#### 4. **TOTAL PROHIBITION**

The giving, receipt of or participation in any gift or entertainment which is intended to achieve a result which would not have been achieved was it not for the said gift or entertainment or which amounts to any unauthorised or improper inducement for someone to do or not to do anything, is totally prohibited, irrespective of the size of the gift or entertainment concerned. In other words, a gift or entertainment may never be linked, directly or indirectly, to the award of a tender or contract.

#### 5. **CRIMINAL ACTIVITY AND DISCIPLINARY ACTION**

- 5.1 All incidents which are clearly in contravention of this policy or the Act or where a reasonable suspicion exists that the Act has been contravened, should immediately be reported to the immediate superior of the person having knowledge or a suspicion of such incident or to any other superior person as may be appropriate.
- 5.2 If *prima facie* evidence exists that the Act has been transgressed, the matter should be reported to the relevant Altron group Legal Adviser who may, if necessary and

after appropriate consultation with his/her superiors, have the matter reported to the S.A. Police Services. The failure to report the matter to the relevant Legal Adviser will constitute a breach of this policy document and, where the value of the unlawful conduct involves an amount of R100 000.00 (one hundred thousand rand) or more, it will also constitute a crime in terms of the Act if the matter is not reported to the S.A. Police Services.

- 5.3 In addition, and irrespective of whether any conduct which breaches this policy constitutes a criminal offence or not, such conduct will be investigated and may give rise to disciplinary action. In view of the fact that any transgression of this policy, irrespective of how small or how big it might be, will be regarded as a serious transgression and a material breach by the transgressor of his or her fiduciary duties to the company and of his/her employment contract, dismissal from employment may be a justifiable outcome of any disciplinary action.

CORPORATE GIFTS AND ENTERTAINMENT SCHEDULE

| <u>Categories</u>                     | <u>Definition</u>   | <u>Approvals Required</u>   |
|---------------------------------------|---|---|
| Gifts                                 | Items such as pens, ties, umbrellas, T-shirts, whisky, wine, sweets, flowers and branded / promotional items given to customers or suppliers from time to time  | Immediate line manager who must have the general authority for such approvals, failing which a financial or general manager or any director |
| Meals                                 | Breakfast, lunch and dinner parties   | Immediate line manager who must have the general authority for such approvals, failing which a financial or general manager or any director |
| Entertainment                         | Shows, concerts, sporting events, movies, charity events, other similar events open to the general public   | Immediate line manager who must have the general authority for such approvals, failing which a financial or general manager or any director |
| Golf Days and other single day events | Golf days, enhanced driving courses, karting, paint-ball games, 4x4 vehicle days, fun-days and other similar events lasting a day or part thereof   | Immediate line manager who must have the general authority for such approvals, failing which a financial or general manager or any director |
| Hosted Events                         | Events, local or international, that last for more than one day (for example the annual Sun City Golf Challenge) and in respect of which customers and/or suppliers are invited to by hosts and where free transport, entertainment, meals, accommodation and/or gifts are provided | General Manager or director who must be senior to the person applying   |