

SANTAM GROUP GRATIFICATION POLICY



Santam is an authorised financial services provider (licence number 3416).

SANTAM GROUP IN RESPECT OF THE GIVING AND RECEIPT OF GRATIFICATIONS

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1. Policy purpose

The purpose of this policy is to provide a framework for the giving and receipt of all gratifications and gifts within the Group in order to ensure transparency and accountability.

The policy constitutes minimum standards that must be adhered to in order to ensure the effective management of conflicts of interest, protect the reputation and integrity of Santam as well as to ensure compliance with relevant legislation.

2. Policy statement

A person acting for, or on behalf of, any Group Entity, Business Cluster or Business Entity in the discharge of any duty under a contract or agreement shall not make any attempt to exert undue influence in favour of any other party by offering, giving, soliciting or accepting any gratification.

This policy does not apply to certain gratifications of a personal nature offered by, accepted from, offered to or given to family or friends of persons subject to this policy with whom they have a non-business relationship.

Certain modest gratifications and gifts received from business partners are allowed (refer section 6), but must always be duly recorded and approved by management. In certain instances, pre-clearance of gratification or gifts are required (refer section 7).

This policy, which gives effect to a corresponding commitment in the Group Code of Ethical Conduct, applies to all:

- directors, managers and employees (full-time and contracted) of any Group Entity, Business Cluster or Business Entity; and
- independent contractors, intermediaries, agents and service providers when acting in the discharge of any duty under a contract or agreement with any Group Entity, Business Cluster or Business Entity.

They shall at all times observe all applicable and relevant anti-corruption legislation and shall ensure that, notwithstanding any provision of or exclusion from this policy, no Santam Group Entity, Business Cluster or Business Entity contravenes the provisions of any such legislation.

This policy should be read together with the Santam Code of Ethics, Santam Ltd FAIS Conflict of Interest Policy; the Santam Group Anti-Bribery and Anti-Corruption Policy and the Santam Group Travel Policy.

3. Definitions

Santam Group Entity

A statutory or legal entity in the Santam Group

Business Clusters

The grouping of businesses controlled by a separate board of directors or executive structures and with their own governance structures who report directly to Santam Limited. Currently this includes:

- Santam Commercial and Personal (Santam C&P)
- Santam Specialist
- MiWay
- Centriq
- Santam Structured Insurance (SSI)
- Santam Re

The definition of **Business Clusters** should not be confused with the reference to licenced entities.

Business Unit (Entity)

The Santam businesses that perform the activities of a Business Cluster. Business Entities include Santam Group Entities, Business Divisions and business units subject to governance oversight requirements provided on a Business Cluster level.

Gratification

- (a) money, whether in cash or otherwise;
- (b) any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage;
- (c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;
- (d) any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;
- (e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (f) any forbearance to demand any money or money's worth or valuable thing;
- (g) any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;
- (h) any right or privilege;
- (i) any real or pretended aid, vote, consent, influence or abstention from voting; or
- (j) any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage

Exco

The Group Exco, Cluster ExcOs and Business ExcOs collectively unless specifically indicated otherwise.

Anti-corruption legislation

Legislation to combat bribery and corruption adopted by any jurisdiction in which a Santam Group Entity operates, including any such legislation that may have extra-territorial application, and includes specifically the South African Prevention and Combating of Corrupt Activities Act (PRECCA) and the United Kingdom Bribery Act (UKBA).

4. Exclusion

This policy does not apply to certain gratifications of a personal nature offered by, accepted from, offered to or given to family or friends of persons subject to this policy with whom they have a non-business relationship.

Gifts or gratifications of a personal nature received from or given to friends or family need not be cleared, recorded or reported, provided that such gifts or gratifications were received or given exclusively during the course of the non-business relationship and that no part of the gift was funded by Santam.

Example: gifts exchanged between Santam staff members in celebration of birthdays, religious occasions, which is funded by the staff members personally.

5. Prohibition on the giving or receipt of gratifications

No person to whom this policy applies may directly or indirectly:

- solicit any gratification or offer to accept any gratification; or
- give, offer to give or agree to give any gratification in response to a solicitation or offer to accept such gratification by another person, in circumstances:
 - where it would constitute a contravention of the any applicable anti-corruption legislation or corresponding regulatory measures;
 - as a general rule where the counter-party is a current or prospective customer or supplier of any Santam Group Entity;
 - in which it could appear to others that a person's business judgment has been compromised; or
 - where the gratification is in the form of money, whether in cash or otherwise.

Similarly, close family members of a person to whom this policy applies may not accept, be allowed to accept, give, offer to give or agree to give gratifications from or to anyone in exchange for a past, current or future business relationships with undue benefit from any Santam Group Entity.

If any gratification that may not be accepted under this policy is offered or delivered, it should be returned with a polite and courteous explanation.

6. Allowable gratifications

Gratifications, other than those specified in paragraph 5 above, may be offered or accepted if it, is valued at less than R1,000 (per annum in aggregate per business partner) and falls within one of the following categories:

- Customary and reasonable meals and entertainment at which the giver is present, such as the occasional business meal or sporting event;
- Modest gifts or gifts of a promotional nature, such as calendars, diaries and other similar articles;
- Gratifications accepted on behalf of a Santam Group Entity, or gratifications of a corporate nature to be retained by the relevant Santam Group Entity, or utilised at the sole discretion of such entity.
- Any other gratification not specified above and which is not deemed inappropriate in terms of any other policy of a Santam Group Entity or Business Entity;

7. Pre-clearance, recording and reporting of gratifications

The Chief Executive Officer (CEO) of each Business Cluster must designate a person ex officio to establish, and reduce to writing, a process to provide for the pre-clearance, recording and reporting of all gratifications accepted, offered, given or declined by any Business Entity in the Business Cluster or any person acting on behalf of such a Business Entity.

In the Santam Group, the Group Ethics Office will establish a process for line managers to follow when providing pre-clearance.

7.1. Pre-clearance

Pre-clearance must at all times be obtained before any of the following gratifications may be offered or accepted:

- Any gratification to be given to, offered to, offered by or accepted from government officials or parties to a tender or contract with a Santam Group Entity, a Business Cluster or a Business Entity;

- Any gratification valued at more than R1,000.00ⁱ;
- Any gratification where there is uncertainty about the appropriateness or legal- or reputational implications of the acceptance, offering or giving of such gratification.

A line manager may after due consideration of a motivated written request, approve the receipt of any gratification, including a gratification valued at more than R1,000.00, prior to the acceptance of such gratification; unless the receipt of such gratification would constitute an offence under anti-corruption legislation or any other relevant regulatory measures.

7.2 Recording

- A line manager must prescribe the manner in which the offering, acceptance and giving of gratifications must be disclosed, approved and recorded at the Business Cluster level.
- The manner in which gratifications are disclosed to, approved and recorded by a Business Cluster must enable the ethics office and or the compliance functions of the Business Cluster and Santam Group to monitor the frequency and value of gratifications offered to or by, accepted or given by the Business Cluster or persons acting for or on behalf of that Business Cluster.
- Where gratifications are offered to, accepted or received by or given to a group of persons, it would be sufficient for purposes of this policy if a single disclosure and entry into the records is made. Such a disclosure and recording must identify all the intended recipients and their responses. Any person who is a party to the transaction may make the disclosure, but the onus is on the individuals, subject to this policy to ensure that proper disclosure is made in respect of them.

7.3 Reporting to the Group Ethics Office of Santam Limited

Details of the following gratifications must be reported to the Santam Group Ethics Office by all Business Clusters on a quarterly basis:

- All gratifications received, declined, offered or given by a person subject to this policy where such gratification exceeds R1,000.00 in value;
- Any gratification in respect of which pre-clearance was sought in terms of the provisions of this policy, regardless of the fact that such pre-clearance was granted or not;
- Any gratification declined by a person in the Business Cluster or a Business Entity or declined by a person to whom the Business Cluster or a Business Entity offered such gratification.

7.4 Exclusion: Gratifications of a corporate nature

The provisions of this paragraph in respect of the pre-clearance, recording and reporting of gratifications do not apply to:

- bona fide donations made on behalf of any Santam Group Entity, Business Cluster or Business Entity;
- any expenditure by a Santam Group Entity, Business Cluster or Business Entity that falls within the ambit of corporate social investment (CSI); or
- any expenditure by a Santam Group Entity, Business Cluster or Business Entity as part of corporate project aimed at market development,

Provided that any such expenditure must be formally approved in writing by an Exco member of the relevant Santam Group Entity or Business Cluster, the names of all recipients or beneficiaries must be recorded in the approval and that an audit trail of such approval is maintained.

i The Santam Limited Exco will review this amount annually on the anniversary of the initial approval of the policy and determine the amount applicable for the next twelve months. The Santam Limited Exco may approve, upon application, an appropriate threshold amount in foreign currency for Santam Group Entities operating outside of South Africa. Individual business clusters or businesses within a cluster may set other thresholds, provided that these thresholds may not exceed the amount specified in this policy.

ii The Santam Group Ethics Office, after consultation with the Santam Limited Exco, shall determine a fund or account to receive such donations.

8. Consultation

Notwithstanding any provision in this policy, a person may not offer to give, agree to give, offer to accept or accept any gratification or other benefit in circumstances that would constitute a contravention of any law, statute, regulation or regulatory measure in any jurisdiction in which Santam operates.

- A person shall consult with the relevant manager of a Santam Group Entity, Business Cluster or Business Entity, an appropriate compliance officer, legal department, human resources department, or Santam Group Business Integrity and Compliance department if any uncertainty is encountered in respect of the offering, receipt or giving of any gratification as foreseen in this policy.
- Santam acknowledges that there may be situations where the rejection of a gratification may be considered offensive or may cause embarrassment to the giver of such a gratification, e.g. a culture where refusing to accept a gift is considered to be offensive

In such circumstances the following will apply:

- The acceptance of such a gratification does not contravene any legislative provisions both locally or internationally
- The gratification may be accepted only after careful consideration has been given to the impact that such a rejection may have on the reputation of Santam and the giver
- The acceptance of such gratification will accrue to Santam and not to the individual
- The acceptance of such gratification must as soon as reasonably possible be reported to the ethics office
- The gratification must be reported in the gift register via the SAP system
- Santam reserves the right to decide on the disposal of such gratification

9. Non-compliance with and enforcement of the policy

Santam Group Entities, Business Clusters and Business Entities must ensure the effective implementation of this policy within their respective areas of responsibility.

Implementation measures should expressly provide for disciplinary actions to be taken in the event of non-compliance with this policy.

All instances of non-compliance with this policy must be reported to the compliance function of the relevant Business Cluster as well as the Santam Group Ethics Office via the Business Cluster representative. Reports on non-compliance must include details of any disciplinary and remedial actions taken to address the non-compliance.

Any non-compliance with this policy that also constitutes a criminal offence, must be reported to a relevant law enforcement authority in accordance with the Group Anti-Bribery and Corruption policy.

10. Guidance

The provisions of this policy may be supplemented or clarified by guidance issued in the form of annexures to this policy or separate practice notes. Annexures and practice notes will be published on the Intranet after approval by the Santam Limited Exco and shall be considered to be part of this policy.

Business Clusters may provide additional guidance provided that is not in conflict with the policy or the guidance provided in terms of this policy. Adherence must be given to both the Group policy and the policy of the relevant individual business cluster as well as to any relevant guidance provided.