CART HORSE PROTECTION ASSOCIATION

FRAUD, THEFT AND ANTI CORRUPTION POLICY

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Fraud, Theft and Anti Corruption Policy

The Cart Horse Protection Association (CHPA) has adopted a Fraud, Theft and Anti Corruption Policy setting out the CHPA position regarding fraudulent activity and the reporting thereof.

The objective of this policy is to develop and foster a climate within the CHPA where all employees strive for the ultimate eradication of fraud, corruption, theft, bribery and internal irregularities by means of the application of the full spectrum of both pro-active and re-active measures at their disposal.

Furthermore, the policy is intended to reinforce existing systems, policies, procedures, rules and regulations of the CHPA aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud, theft, corruption, bribery and internal irregularities.

The purpose and spirit of this document is to confirm that the CHPA supports and fosters a culture of zero tolerance to fraud in all its manifestations. These will be investigated and followed up by the application of all remedies available within the full extent of the law.

All CHPA employees, temporary employees, members of the Management Committee and/or independent contractors are required to comply with the CHPA Policy on Fraud, Theft, Corruption and Internal Irregularities.

The CHPA requires all employees and Management Committee members to act honestly and with integrity at all times, and to safeguard CHPA resources, and tangible and intangible assets, for which they are responsible. It is therefore the responsibility of all employee/s of the CHPA to report all incidents of fraud, corruption, theft, bribery or internal irregularities.

The efficient application of the instructions contained in operating rules, circulars and manuals of the CHPA to their daily tasks is one of the most important duties all persons must execute. These prescripts are either directly or indirectly designed to limit various risks to the CHPA, one being the risk of corruption, fraud, theft, bribery and internal irregularities.

1. Scope of the policy

The purpose of this policy is to provide an outline as to what constitutes fraud, theft, corruption, bribery or associated internal irregularities, to outline the CHPA response to these, and to detail the procedures to be followed in order to report such incidents that are suspected or discovered.

For the purpose of this Policy the following definitions shall apply:

Bribery is defined as the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.)

Fraud is defined according to the common law of South Africa, and is summarized for ease of reference as:

"Any unlawful act or omission by which a misrepresentation is made with the intention to defraud which causes actual prejudice or which is potentially prejudicial to another, whether or not there is personal benefit to the perpetrator"

Theft is defined according to the common law of South Africa, and is summarized for ease of reference as:

"The unlawful misappropriation of movable property or money with the intention to steal"

Corruption is defined according to the Corruption Act, No 94 of 1992 of South Africa, as amended, and in summary prohibits:

"The abuse of a position of employment by; the offering or acceptance of a benefit that is not legally due, for the commission of an act in connection with that position of employment"

An **internal irregularity** is defined for the purposes of this policy as:

"Any act or omission of a material nature that may lead to the diminishing of shareholder value, where the act or omission is committed within the framework of the employees:

- *General duty to act in the best interests of the employer;*
- *Employment contract;*
- *Job description;*
- *Performance contract; or*
- *The existing policy framework of the CHPA and other applicable Legislation"*

This definition is not intended to create a separate substantive basis on which the CHPA will take appropriate legal action, but rather serves to define suspected acts or omissions that should be reported for investigation.

Agent means any authorised representative who acts on behalf of the association and includes a committee member, employee or other person authorised to act on behalf of the company.

Business means any business, trade, occupation, profession, calling, industry or undertaking of any kind, or other activity carried on for gain or profit by any person within the Republic or elsewhere, and includes all property derived from or used in or for the purpose of carrying on such other activity, and all the rights and liabilities arising from such other activity.

Dealing includes any promise, purchase, sale, barter, loan, charge, mortgage, transfer, delivery, transmission, gift, donation, trust, settlement, deposit, withdrawal, and transfer between accounts or extension of credit.

Gifts include receipt of loans, payments, services, personal travel, entertainment, gifts or favours of more than token value from customers or suppliers, or from a person doing or seeking to do business with the

Association, any gratuity, discount, entertainment, hospitality, forbearance, or other tangible or intangible item having monetary value, including but not limited to, cash, food and drink.

Gratification includes –

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 valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage

Property means money or any other movable, immovable, corporeal or incorporeal thing, whether situated in the Republic or elsewhere and includes any rights, privileges, claims, securities and any interest therein and all proceeds thereof;

Valuable security – means any document –

a) Creating, transferring, surrendering or releasing any right to, in or over property;
b) Authorizing the payment of money or delivery of any property; or
c) Evidencing the creation, transfer, surrender or release of any such right, the payment of money or delivery of any property or the satisfaction of any obligation.

The inclusion of the above definitions is merely for ease of reference and is not intended to constitute an exhaustive list of criminal offences or contraventions on which CHPA will take appropriate legal action, nor comprehensive legal definitions of those offences or contraventions. The CHPA reserves the right to take whatever legal action it deems necessary to protect its interests in terms of the Operations Manual or established contractual relationships.

Fraud, theft, corruption, bribery or internal irregularities can be perpetrated either internally by persons within the employment of the CHPA, or by temporary staff, management committee members, independent contractors, employees of contracted service providers, intermediaries or other external third parties.

1.1 Responsibilities

Management throughout the CHPA is responsible for ensuring that control frameworks, which assist with the prevention, detection and investigation of possible fraud, theft, corruption or internal irregularities, are

in place and operating effectively. Management and employees should be alert to the possibility that unusual events or transactions could be symptoms of an actual or attempted act of fraud, theft, corruption, bribery or an internal irregularity.

Management is responsible for ensuring that all employees are made aware of the CHPA Policy on Fraud, Theft, Corruption, bribery and Internal Irregularities. Employees in turn have a responsibility to familiarise themselves with the contents of this policy.

Any employee who is unclear as to what may constitute an act of fraud, theft, corruption or an internal irregularity, should seek further guidance from their General Manager or Team Leader.

1.2 Actions constituting fraud

a. Any dishonest, fraudulent or corrupt act;

b. Theft of funds, supplies or other assets;

c. Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;

d. Making a profit from insider knowledge;

e. Disclosing confidential or proprietary information to outside parties for financial or other advantage;

f. Requesting or accepting anything of material value (free of charge) from contractors, suppliers or other persons providing goods or services to the CHPA;

g. Irregular destruction, removal or abuse of records and equipment;

h. Deliberately omitting or refusing to report or act upon reports of any such irregular dishonest conduct;

i. Bribery, blackmail, secret commissions and/or extortion involving an CHPA employee in the performance of her or his duties;

j. Abuse of the CHPA facilities; and

k. Any similar or related irregularity.

1.3 Reporting Procedures and Resolutions of Reported Incidents

1.3.1. It is the responsibility of all employee/s of the CHPA to report all incidents of fraud, corruption, theft, bribery or internal irregularities to his or her immediate superior.

1.3.2 If the employee/s is not comfortable reporting such matters to his/ her immediate superior the matter should be reported via alternate avenues such as, via the General Manager or a management committee member.

1.3.3. In the case of an CHPA employee, alternate measures for reporting incidents of fraud, theft, corruption, bribery or internal irregularities is the Team Leader.

1.3.4 The CHPA will take appropriate action against employees that are involved in, or assist with committing fraud, theft, corruption, bribery or internal irregularities, and will actively seek legal recourse against all employees involved in such acts.

1.3.5 In respect of all reported incidents of fraud, theft, corruption, bribery or internal irregularities, management are required to immediately review and, where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in the future.

1.3.6 Failure by any employee of the CHPA to comply with this policy could result in disciplinary action in terms of the Operations Manual, which action may result in dismissal. Without detracting from the general nature of this statement, misconduct involving fraud, theft, bribery or corruption is specifically listed as a dismissible offence at the CHPA.

1.4 Confidentiality

All information relating to fraud, corruption, theft, bribery or internal irregularities that is received and investigated will be treated confidentially. The progress of investigations will be handled in a confidential manner and will not be disclosed or discussed with any other person(s) other than those who have a legitimate right to such information.

No person is authorized to supply any information with regard to allegations or incidents of fraud to the media without the express permission of the General Manager.

In instances where an individual wishes to remain anonymous, his or her identity will not be disclosed to anyone without their prior written consent.

1.5 Protection of the Whistleblower

The CHPA respects the right of an individual to retain their anonymity when reporting fraud, theft, corruption, bribery or internal irregularities.

Employees (as defined in the Protected Disclosures Act, No 26 of 2000 as amended), who report suspected fraud, theft, corruption, bribery or internal irregularities; furthermore have the protection of the provisions of this Act.

For the purposes of the Protected Disclosures Act the definition:

“Employee means:

Any person, excluding an independent contractor, who works for another person or for the State and who receives, or is entitled to receive, any remuneration; and

Any other person who in any manner assists in carrying on or conducting the business of the employer,…”

In essence, the Protected Disclosures Act protects an employee against dismissal or occupational prejudice where a disclosure has been made to his or her employer in good faith, and in accordance with a procedure prescribed by the employer that meets the requirements of this Act.

1.6 False Accusations

Management should discourage allegations that are false and made with malicious intent. Where such malicious or false allegations are discovered, the person who made the allegations must be subject to firm disciplinary action.

However, there will be no reprisal by management against an employee who in good faith reported a violation or suspected violation.

2. Objective of the policy:

2.1 The Association is committed to achieving the highest standard of ethical conduct and to ensuring that management, committee members, employees and others who may provide services on its behalf act in compliance with all applicable laws regulating the combating of bribery and corruption.

2.2 The Association does not tolerate any form of bribery or corruption. It is thus Policy that all Employees and Representatives comply with the Prevention and Combating of Corrupt Activities Act 12 of 2004 and support the policy on the Protocol against corruption, created by the Southern African Development Community as signed by the Heads of State/Government and take cognizance of the Protected Disclosures Act 26 of 2000.

2.3.1 This policy applies to all Association officers, Directors, committee members, Employees, and temporary workers (such as consultants or contractors) across the group as well as all third-parties or representatives acting with or in corporation to the company, no matter where they are located or what they do.

3. Purpose of the policy:

3.1 This policy provides guidance on the standards of behaviour to which all parties must adhere to and most of these reflect the common sense and good business practices that all are expected to work to in any event.

3.2 The policy is designed to help identify when something is prohibited so that bribery and corruption are avoided and provide with help and guidance should there be any uncertainty about whether there is a problem and further advice is required.

4. Understanding Bribery:

Bribery involves the following:

4.1 When a financial or other advantage is offered, given or promised to another person with the intention to induce or reward them or another person to perform their responsibilities or duties improperly (it does not have to be the person to whom the bribe is offered that acts improperly); or

4.2 When a financial or other advantage is requested, agreed to be received or accepted by another person with the intention of inducing or rewarding them or another person to perform their responsibilities or duties inappropriately (it does not have to be the person who receives the bribe that acts improperly).

4.3 It does not matter whether the bribe is –

4.3.1 Given or received directly or through a third party (such as someone acting on the Association's behalf, for example a distributor, supplier, funder or other intermediary); or

4.3.2 For the benefit of the recipient or some other person.

4.4 Bribes can take many forms, for example:

4.4.1 Money (or cash equivalent such as shares);
4.4.2 Unreasonable gifts, entertainment or hospitality;
4.4.3 Kickbacks;
4.4.4 Unwarranted rebates or excessive commissions;
4.4.5 Unwarranted allowances or expenses
4.4.6 Uncompensated use of company services or facilities; or
4.4.7 Anything else of value.

5. Understanding Corruption:

5.1 Any agent who, directly or indirectly accepts, agrees or offers to accept or agree to any gratification from any other persons whether for the benefit of himself or for the benefit of another person or gives or agrees or offers to give to any other person any gratification whether for the benefit of that other person or for the benefit of another person in order to act personally or by influencing another person so to act, in a manner:

5.1.1 That amounts to the –

5.1.1.1 Illegal, dishonest, unauthorized, incomplete, or biased, or
5.1.1.2 Misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation;

5.1.2 That amounts to –

5.1.2.1 The abuse of a position of authority;
5.1.2.2 A breach of trust; or
5.1.2.3 The violation of a legal duty or a set of rules,

5.1.3 Designed to achieve an unjustified result; or

5.1.4 That amounts to any other unauthorized or improper inducement to do or not to do anything; is guilty of the offence of corruption.

6. **Hospitality and Gifts:**

6.1 Any staff member receiving any material asset arising from the employment relationship such as gifts, money, complementary tickets, free accommodation or any other form of gratuity, is prohibited from accepting such an offer.

6.2 Except in unusual circumstances, gifts or favours having values beyond common courtesy or accepted business practice should be declined or returned.

6.3 Gifts of money or other valuables can never be accepted.

6.4 A staff member must without any delay report to a superior, any offer made by an external person, company, supplier, or contractor which, if accepted by the member of staff, would result in a conflict of interest.

6.5 Employees who have questions regarding this policy or who are uncertain as to whether a conflict of interest exists should confer with their team leader/s or General Manager.

7. Whistle blowing:

7.1 The Association is committed to ensuring that employees can speak up with confidence if they have any concerns or need to ask for help. If an employee suspects or observes anything that might be in contravention of this policy, an obligation to report it exists. The Association will not tolerate retaliation in any form against anyone for raising concerns or reporting what they genuinely believe to be improper, unethical or inappropriate behaviour. All reports will be treated confidentially and any person reporting such behaviour will be protected from being subjected to an occupational detriment. Any provision in any contract or agreement is void insofar as it purports to exclude any provision of this policy to refrain from instituting or continuing with any proceedings from blowing the whistle on issues raised by this policy.

Please refer to the Whistle Blowing Policy for more information.

8. **Violations:**

8.1 Any employee who abuses or breaches any of the principles within this policy will be subject to corrective action up to and including termination of the employment contract. If necessary, the Association also reserves the right to advise appropriate legal officials of any illegal activities by offenders.