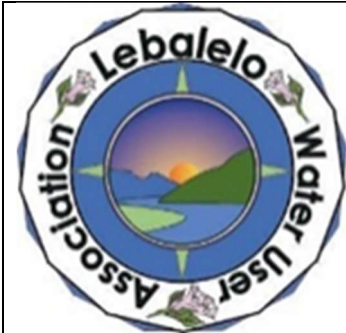


| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |



Lebalelo Water User Association

BUSINESS INTEGRITY POLICY

DEALING WITH THE ASSOCIATION'S ETHICS AND BUSINESS PRACTICES

VERSION: 1.0

IMPLEMENTATION DATE: 2017 09 16

LAST REVISION DATE: 2017 08 01

REFERENCE NUMBER: LWUA/POL/CEO

| | NAME | POSITION | SIGNATURE | DATE |
|-----------------------|------------------|----------------------|------------------|-------------|
| AUTHOR: | P de Wet | Office of CEO | | |
| REVIEWED BY: | A Brits | Finance | | |
| REVIEWED BY: | A Collier | Legal | | |
| REVIEWED BY: | B Bierman | CEO | | |
| RECOMMENDED BY | REM CO | Chairman | | |
| APPROVED BY: | MAN CO | Chairman | | |

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

| CONTENTS | | PAGE |
|-----------------|---------------------------------------|-------------|
| 1 | AIM | |
| 2 | SCOPE | |
| 3 | DEFINITIONS | |
| 4 | ABREVIATIONS | |
| 5 | RESPONSIBLE FOR REVIEW | |
| 6 | RESPONSIBLE FOR IMPLEMENTATION | |
| 7 | GENERAL | |
| 8 | POLICY / PROCEDURE | |
| 9 | HISTORY OF CHANGES | |
| 10 | RECORD CONTROL | |
| 11 | REFERENCES | |
| 12 | RELATED PROCEDURES | |
| 13 | ANNEXURES | |
| | | |
| | | |
| | | |

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

1. AIM

The aim of this policy / procedure is to provide guidance to ensure that all stakeholders have a clear understanding of the policy provisions applicable to the Associations Ethics and Business Practices.

2. SCOPE

This policy / procedure applies to all Members of the Association, Management and Staff.

3. DEFINITIONS

| TERM | DEFINITION |
|------|------------|
| | |
| | |
| | |
| | |
| | |

4. ABBREVIATIONS

All abbreviations used in the document which are generally used in daily communications and need no explanation, are unnecessary. Abbreviations of an unfamiliar nature are explained in this paragraph in alphabetical order. Within the contents of this policy / procedure, reference is often made to phrases and/or terms that are unique to this policy / procedure. The meaning of the phrases and/or terms shall be as follows:

| ABBREVIATION | EXPLANATION |
|-----------------|---------------------------------|
| | |
| the Association | Lebalelo Water User Association |
| | |
| | |

5. RESPONSIBLE FOR REVIEW

The CEO is responsible to review this procedure on an annual basis, or as and when changes are required.

6. RESPONSIBLE FOR IMPLEMENTATION

The persons responsible for the implementation of this policy / procedure are:

- Management are responsible for implementation.
- Any Association employee or contractor that is requested to assist with the policy / procedure.
- Management will make all relevant people mentioned in this procedure aware of their roles and responsibilities.

7. GENERAL

7.1 Contravention

Violations of this policy will lead to disciplinary action in accordance with Association's disciplinary procedures.

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

7.2 Distribution

| HARD COPY # | DISTRIBUTED TO | MASTER REFERENCE | ELECTRONIC REFERENCE |
|-------------|------------------------|------------------|--------------------------|
| 1 | Association CEO | | Business Principles File |
| 2 | Remuneration Committee | | Business Principles File |
| 3 | Management Committee | | Business Principles File |

8. POLICY / PROCEDURE

The following should be adhered to;

8.1 Introduction

Integrity and accountability are core values for the Association. Earning and continuing to command trust are fundamental to the success of the Association's business. The Association's stakeholders should be confident that the Association will deal with them fairly and ethically.

The Association's Good Citizenship Business Principles (hereafter referred to as the Business Principles) set out the standards which guide the conduct of the business. They make it clear that the Association is implacably opposed to corruption. The Association will neither give nor accept bribes nor permit others to do so in the Association's name, either in the dealings with public officials or with suppliers and customers. The Association is committed to operate to the same high standard of integrity wherever it works.

The Association is committed to contributing to the sustainable development and good governance within the area where the Association works. Corruption undermines that objective; it erodes trust, drives away investment, undermines the rule of law upon which the Association's investment security depends, and increases the costs and unpredictability of doing business. It significantly reduces the ability of the business to produce positive development outcomes.

Bribes and other corrupt payments are illegal. In addition to compliance with this policy, employees and contractors have a duty to uphold and comply with the laws of the country in which the Association operates.

The purpose of this policy is to set out the standards of conduct required at every level within the Association; on the part of those with whom the Association does business and those who work on the Association's behalf, in combating corrupt behaviour of all types.

Detailed Prevention of Corruption Performance Standards (hereafter referred to as the Performance Standards) have been adopted to cover the following areas.

- 8.1.1 Gifts, entertainment and hospitality;
- 8.1.2 Conflicts of interest;
- 8.1.3 Facilitation payments;
- 8.1.4 Use of company assets;
- 8.1.5 Political donations;
- 8.1.6 Interactions with government officials and lobbying;
- 8.1.7 Charitable donations;

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

| | |
|---|--|
| 8.1.8 | Social and community investment and enterprise development activities; |
| 8.1.8 | Sponsorships; |
| 8.1.9 | Retention and payment of intermediaries. |
| The Association is committed to working with stakeholders in government, business and civil society to promote good governance and to prevent corruption. | |

| |
|---------------------------|
| What is Corruption |
|---------------------------|

| |
|---|
| For the purpose of this policy, corruption is defined as any act intended to result in the misuse of entrusted power for personal or corporate gain. Corruption encompasses a variety of situations including bribery, conflicts of interest, theft, extortion, embezzlement, fraud and misuse of Association assets. Bribery is defined as promising, offering or giving an undue advantage to a person or entity, either directly or through an intermediary, in order that the person or entity should perform, or refrain from performing, an act in breach of their business or public duties. Common examples of bribery include: |
| <ul style="list-style-type: none"> • cash or other forms of payment to secure a contract or obtain a licence; • improper donations to political parties or related organisations; and • excessive gifts or entertainment intended to influence the recipient to undertake a particular course of action |

| |
|--|
| For the purpose of this policy, a bribe may consist of anything of material value, not simply a payment of cash, and may include the provision or receipt of: |
| <ul style="list-style-type: none"> • lavish or disproportionate gifts and entertainment; • donations with an ulterior motive; • payment of travel expenses or accommodation for a customer or official when there is no underlying business purpose for a trip; or • use of Association assets for activities which are unrelated to the business or approved charitable purposes. |

| |
|--|
| Conflicts of interest can arise when financial or personal considerations may influence or appear to influence the judgement or actions of employees in performing their duties or have the potential to do so. Such conflicts can occur when private and Association interests are mixed or when business or governmental decisions are based on private interests. |
|--|

| |
|--|
| Extortion is defined as the illegal use of an official position or powers to obtain property or funds. |
|--|

| |
|---|
| Fraud can be defined as any deception deliberately practiced in order to secure unfair or illegal gain. |
|---|

| |
|---|
| The exercise of improper influence |
|---|

| |
|---|
| The Association will not, either directly or indirectly through intermediaries or other third parties, solicit, receive, offer, promise or provide money or anything of material value (including confidential or sensitive business and financial information and intellectual property) or otherwise exercise improper influence in the Association's business or governmental relationships, with the intention of obtaining a contract, permit or any other specific benefit or any improper advantage in the conduct of business. This applies both to the Association's relationships with governmental organisations and officials and in dealings with other businesses or civil society organisations. The Association will not tolerate any such activity by employees, agents, contractors or business partners. |
|---|

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

The question of what constitutes 'material value' will vary according to context. It will be defined by:

1. the context of the potential inducement, and
2. whether what is offered or promised has sufficient potential value to the recipient, whether monetary or by its nature, to potentially sway the recipient's opinions or actions.

This policy covers the soliciting and receipt of bribes or other inducements from third parties by the Association's employees as well as the provision and payment of bribes.

8.1.1 GIFTS, ENTERTAINMENT AND HOSPITALITY

Offering or providing gifts, entertainment and hospitality;

The exchange of modest gifts and entertainment may help to build goodwill and this policy is not intended to detract from the desirability of fostering good relations with business partners and other stakeholders through legitimate, occasional social interactions. However, offering or providing inappropriate gifts or entertainment may cause embarrassment to the Association and damage its reputation.

Particular concerns arise when the offering of gifts and entertainment may be connected in some way with an actual or potential business transaction or regulatory approval. Even if the intent is not corrupt, there is still a risk that a recipient or an objective third party may perceive the gift or entertainment to be an attempt to gain an improper advantage.

Any gift or entertainment is always unacceptable if it:

- is offered or made in exchange for a contract, a permit or any other specific benefit;
- is offered to obtain an improper advantage in the conduct of business;
- is in breach of local or international bribery laws;
- would be considered unacceptable if offered by a supplier or business partner to one of the Association's employees; and
- would, if it became public, adversely affect the Association's reputation.

Receiving gifts, entertainment and hospitality.

The Association has a responsibility to ensure that its dealings with suppliers are based on objective decisions and are not influenced by gifts or favours. The Association prohibits employees from soliciting or receiving gifts and entertainment including favours, goods, gratuities, money and services that:

- may create a sense of obligation;
- may influence or be perceived to influence their business judgement; or
- may create, or appear to create, a conflict between an employee's personal interests and those of their employer or of the Association as a whole.

8.1.2 CONFLICTS OF INTEREST

Employees must avoid actual or perceived conflicts of interest, involving themselves or close relatives and where such a conflict has the potential to arise must draw this to the attention of their line manager and any other person designated by the Association for this purpose.

8.1.3 FACILITATION PAYMENTS

The Association prohibits the making of facilitation payments. A facilitation payment is a payment of nominal value made to a low-level government official whose duties are essentially administrative in nature in order to secure the performance of routine governmental non-discretionary actions to which the payer is legally entitled. Examples of such payments include for the processing of a visa application or connecting power or water supplies, when all relevant requirements have clearly been met. The Association recognises that occasionally payments may be demanded under duress. Duress may be defined as a situation of actual or threatened violence, imprisonment or other personal threat to coerce person to enter into an agreement

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

or to do an act against their will. The threat may be to the person themselves or to others. The Association does not expect any employees to compromise their safety or security or that of others in order to comply with this policy, but the Association does require employees to report any incidence where they have been threatened or intimidated so that appropriate action can be taken to prevent any recurrence.

8.1.4 USE OF ASSOCIATION ASSETS

The Association will not, either directly or indirectly through intermediaries and other third parties, offer, promise or provide money or anything of value or otherwise exercise improper influence in its business relationships, with the intention of obtaining a contract, permit or any other specific benefit or any improper advantage in the conduct of business. This applies both to the Association's relationships with governmental organisations and officials and in dealings with the private sector. The Association will not tolerate any such activity by employees or business partners. The use of company assets, such as premises, equipment or vehicles, free of charge represents something of value for the intended recipient. Association assets should not be provided for the personal or discretionary use of customers, public officials or other third parties where there is no underlying proper business purpose or clear public benefit.

8.1.5 POLITICAL DONATIONS

The Association prohibits the making of donations for political purposes to any politician, political party or related organisation, an official of a political party or candidate for political office in any circumstances either directly or through third parties.

8.1.6 INTERACTIONS WITH GOVERNMENT OFFICIALS AND LOBBYING

The Association promotes honest and constructive engagement with government officials at all levels. The Association will consult widely with people who are affected by the Association's activities and will proceed in its dealings with governments and public officials in a transparent and ethical way. The Association will not, either directly or indirectly through intermediaries and other third parties, offer, promise or provide money or anything of material value or otherwise seek to exercise improper influence in its business relationships, with the intention of obtaining a contract, permit or any other specific benefit or any improper advantage in the conduct of business. This applies both to the Association's relationships with governmental organisations and officials and in dealings with the private sector. The Association will not tolerate any such activity by employees or business partners.

8.1.7 CHARITABLE DONATIONS AND SOCIAL AND COMMUNITY INVESTMENT AND ENTERPRISE DEVELOPMENT ACTIVITIES

The Association makes charitable contributions and social and community investments with the objective of promoting sustainable community development, combating poverty and disease, protecting the environment and developing the capacities of people or institutions in the area where the Association works. The Association takes care, however, that such donations do not work primarily to the benefit of a particular government official, politician or party and put controls in place to ensure that they are not misused by third parties. Donations and social and community investments should not be made if they either create or have the potential to create, the perception of impropriety. In the Association's dealings with communities and their representatives it will act transparently and in good faith.

8.1.8 SPONSORSHIPS

Sponsorship may not be promised, offered or provided in exchange for a contract, permit or specific regulatory benefit. It should not be offered to obtain an improper advantage in the conduct of business or if it is likely to be perceived as having this intention.

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

8.1.9 RETENTION AND PAYMENT OF INTERMEDIARIES AND MERGERS, ACQUISITIONS, JOINT VENTURES AND ASSOCIATES

The Association's reputation can be damaged by the actions of third parties such as advisers, suppliers, agents, contractors, lobbyists and joint venture partners and the Association may find itself liable for their actions. It is never acceptable for a third party to carry out an act on the Association's behalf which, were it done by the Association directly, would be a breach of this policy.

In order to protect against the risk of bribes being paid indirectly, the Association is committed to:

- taking all reasonable steps to ensure that the Association's business partners understand and comply with the Business Integrity Policy;
- investigating the reputation and qualifications of the Association's business partners and carrying out formal due diligence, where appropriate, to satisfy itself of their integrity and bona fides;
- putting in place appropriate controls and checks to monitor the use of the Association's money by third parties purporting to act on the Association's behalf.

8.2 Guidance and Reporting

Corruption comes in many forms. In many cases the proper course of action may not always be obvious. Employees must seek advice and consult if they are unsure about the proper course of action.

The safety of our people

The Association's employees should be free to carry out their duties without fear of intimidation or threat of violence. The safety and security of employees is the Association's paramount concern. The Association does not expect employees to compromise their safety or security or that of others in order to comply with the terms of this policy. Employees should, however, immediately report any incident where they have been threatened or intimidated to carry out an act which may result in a breach of this policy to their supervisor or senior official of the Association. After appropriate internal consultation such incidents should also be reported to the relevant authorities in order to prevent any recurrence.

Breaches of this policy

Employees must report any breaches, or potential breaches of this policy, of which they become aware. Violations of this policy will lead to disciplinary action in accordance with Association's disciplinary procedures. Disciplinary actions may involve sanctions up to and including summary dismissal. The Association is committed to reporting all instances of corruption and other forms of dishonesty to the relevant authorities and to facilitating criminal action against the individual(s) concerned and The Association will seek redress for any losses arising from such actions.

Speak Up

The Association encourages employees, contractors, suppliers, business partners and other external stakeholders to report and raise concerns about conduct, which is contrary to the Association's values and standards, as described in this Business Integrity Policy. Such reports may also be made anonymously to the CEO.

The Association will not tolerate any form of retaliation against employees raising concerns in good faith. Allegations of retaliation against or harassment or intimidation of an employee by others as a result of a report will be investigated and appropriate action taken, including disciplinary action up to and including dismissal of the employee responsible for reprisals.

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

9. HISTORY OF CHANGES

Reasons for Change - Index

| | |
|----|---|
| A | As a result of incidents |
| B | As a result of audit findings |
| C. | Changes in Operating Procedures |
| D. | Changes in Legislation/Structures |
| E. | Changes in Technology |
| F. | Changes in Machinery/Equipment |
| G. | Results of risk assessments |
| H. | Change in training requirements |
| I. | New procedure format |
| J. | Change due to spelling or grammatical error |
| K. | To integrate a special instruction into the document control system |
| L. | Other reasons |

Date of change

| Date of change | Revised Item (Paragraph number) - include a reference if it is applicable | Reason | Name of reviewer |
|----------------|---|--------|------------------|
| July 2017 | Whole Document | G I | Alistair Collier |
| | | | |
| | | | |
| | | | |

10. RECORD OF CONTROL

Records to be maintained in accordance with this policy / procedure:

Records to be maintained in accordance with this policy / procedure:

| Identification | Reference number | Responsible for filing | Responsible for maintenance | Location of storage area | Retention period | Method of disposal |
|---|------------------|------------------------|-----------------------------|--------------------------|---------------------------|--------------------|
| Dealing with Policy | | CEO | CEO | Association Offices | Duration of document life | Shredding |
| Policy audit reports and findings | | CEO | CEO | Office / Operations | | |
| Corrective actions of the related findings or correspondences to the Policy | | CEO | CEO | Office / Operations | | |
| | | | | | | |

| | | | |
|------------|--------------|-------------------------|------------|
| REF NO: | LWUA/POL/CEO | DATE OF IMPLEMENTATION: | 2017 09 16 |
| VERSION NO | 1.0 | LAST REVISION DATE: | 2017 08 01 |

| | |
|-------------------------------|---|
| 11. REFERENCES | |
| Applicable Legislation | |
| | |
| 12. RELATED PROCEDURES | |
| Document number | Document Title |
| | Association Governance Documentation Policy |
| 13. ANNEXURES | |
| Annexure | Name |
| Annexure | |
| | |