

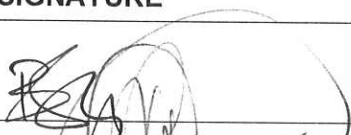



GIFTS, ENTERTAINMENT & HOSPITALITY POLICY

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KEY REVIEW AMENDMENTS

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1. Section 6 (Governance and Management Consideration) expanded to include questions to determine the appropriateness of the gifts, entertainment and hospitality.
2. Section 7.2 about the consideration of conflict of interests on gifts, entertainment and hospitality.
3. Added the giving aspect of gifts, entertainment and hospitality by the DBSA representatives throughout the Policy.

APPROVALS	NAME	SIGNATURE	DATE
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1. GLOSSARY AND ACRONYMS

	Term	Description
1.1	DBSA	Development Bank of Southern Africa (alternatively referred herewith as "the Bank")
1.2	Business relationships	the connections that exist between all entities that engage in commerce. That includes the relationships between various stakeholders in any business network, such as those between employers and employees, employers and business partners / clients, and all of the companies a business associates with.
1.3	Business courtesy	is inter alia an intangible benefit, such as free meals, drinks, entertainment hospitality, recreation, transportation, discounts, vacation and recreation, accommodation, use of a donor's time or discount on any goods or service for personal use at a rate that is not available to the general public.
1.4	Gift	any item, cash or goods, or any service which is offered for personal benefit at a cost, or no cost. It is an item given without the expectation of receiving anything in return.
1.5	Hospitality	any generous or material treatment that is more than an incidental kind, such as a beverage, meals and entertainment.
1.6	Conflict of Interests	A conflict of interest refers to any situation in which an individual or organisation (either private or government) is able to exploit a professional or official capacity in some way for their (or that of a related party) personal or organisational benefit.
1.7	Employees	individuals employed by the Bank on a full or part-time and contract basis.
1.8	Non-Executive Director (NED)	is a member of a company's board of directors who is not part of the executive team. He/she does not engage in the day-to-day management of the organization but is involved in policymaking and strategic planning & oversight exercises.
1.9	Family members	individuals who are related to an employee, either directly (consanguinity) or through marriage or similar (civil) forms of partnership. Refer mainly to immediate family members.
1.10	Subsidiary	is a company that is owned or controlled by another company, which is called the parent company or holding company.
1.11	Nominal Value	means up to R500.00
1.12	Hotline	the DBSA's anticorruption and fraud anonymous hotline, the details of which are Tollfree number: 0800 204 933, Email: dbsa@whistleblowing.co.za

2. INTRODUCTION

The DBSA recognises that in executing its business and in applying industry norms, employees may be required to accept, receive, or give gifts, entertainment or hospitality as a means of gratitude or cultural diplomacy. The DBSA engages in business based on the corporate values of **integrity, shared vision, high performance, innovation and service orientation** to avoid any impropriety in the receipt /acceptance and giving of gifts, entertainment and hospitality.

The DBSA is ultimately responsible for ensuring that an appropriate structure and process is in place to manage the acceptance/receipt and giving of gifts, entertainment and hospitality.

Through complying with this Policy, the DBSA will be able to:

- 2.1 Allow employees, where appropriate, to receive/accept and give gifts, entertainment and hospitality provided that these gifts do not interfere with or have the potential to interfere with their responsibilities to the DBSA, improperly influencing the sound business judgement expected of them when acting on behalf of the DBSA, or amount to corruption in any way;
- 2.2 Ensure that there is a mechanism for the receipt/acceptance and giving of gifts, entertainment and hospitality; and
- 2.3 Avoid any unjustifiable perception of bias or self-interest by employees where the DBSA has approved the receipt/acceptance and giving of gifts, entertainment and hospitality.

3. POLICY PURPOSE / OBJECTIVE

The **purpose** of this Policy is to:

- 3.1 Establish principles and guidelines on what would constitute normal and acceptable behaviour in relation to gifts, entertainment and hospitality;
- 3.2 Establish what would be regarded as unethical, criminal or contrary to good corporate governance;
- 3.3 Protect both the DBSA and employees involved from appearance of impropriety and to ensure compliance to statutory and best practice requirements.

The primary **objectives** of this Policy therefore are to:

- 3.4 Provide guidance on expected employee behaviour in accordance with the DBSA's values;
- 3.5 Promote transparency and avoid business-related conflicts of interest;
- 3.6 Ensure fairness in the interests of employees and the DBSA;
- 3.7 Document the procedure for the acceptance, receiving, and giving of gifts, entertainment and hospitality;
- 3.8 Comply with the legislative requirements relating to the prohibition of corruption and bribery; and
- 3.9 Ensure that employees are made aware of their obligations in terms of the applicable legislation and internal rules, including internal reporting procedures to ensure that all gifts, entertainment and hospitality are disclosed and reported.

4. POLICY SCOPE

This policy is applicable to the DBSA employees, contractors, business relationships and any subsidiaries of the DBSA that may be created. It also applies to everyone representing the Bank,

including non-executive directors. The policy should be read in conjunction with other ethics related policies of the Bank, such as the Code of Ethics, Conflict of Interests Policy and Anti-Bribery and Corruption Policy.

On the basis that this policy cannot deal with every possible scenario that may arise, where any doubt exists on whether a specific type of conduct or behaviour would be acceptable or not, prior advice should be sought from the Corporate Secretariat.

5. POLICY PRINCIPLES

- 5.1 According to the DBSA's policy employees may give or accept/receive appropriate, lawful gifts, entertainment and hospitality in connection with their business engagements with clients/customers or potential clients/customers, service providers, or business-related third parties and other governmental and non-governmental parties, provided that all such gifts, entertainment and hospitality are less than R500.00 in value; and are not offered, given/received with the intent or prospects of influencing the recipient's business decision-making.
- 5.2 Employees must only give or accept/receive gifts, entertainment and hospitality strictly in terms of this policy.
- 5.3 Attempts by suppliers, clients or third parties to solicit gifts, entertainment and hospitality from an employee should be reported immediately to the Ethics Office and/or Hotline.
- 5.4 No employee or officer may give or receive gifts, entertainment and hospitality that violate the law, regulations, agreements or reasonable best business practices.
- 5.5 Employees must be aware of cultural sensitivities when giving and/or accepting/receiving gifts, entertainment and hospitality.
- 5.6 Honesty, openness and transparency should always be encouraged in terms of this policy.
- 5.7 Due care must always be exercised in the giving and/or acceptance/receiving of gifts, entertainment and hospitality.
- 5.8 This policy should be understood, applied and interpreted in conjunction with the Prevention and Combating of Corrupt Activities Act, No 12 of 2004 (the "PRECCA").
- 5.9 The PRECCA 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 a wide definition and includes money, gifts, donations, loans, fees, release from an obligation and any other advantage of whatsoever nature.
- 5.10 The PRECCA 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.

6. GOVERNANCE AND MANAGEMENT CONSIDERATIONS

The DBSA employees may receive or accept gifts, hospitality and entertainment provided the following factors and questions are considered in determining whether a gift, entertainment and hospitality is appropriate:

- 6.1 The DBSA Code of Ethics; Gift, Entertainment and Hospitality Policy; Conflict of Interest Policy, and Anti-Bribery and Corruption Policy are always adhered to.

6.2 **Intent** - is the intent to build a business relationship or offer normal courtesy, or is it to influence the recipient's objectivity in making business decisions? Business courtesies offered are not done for the purpose of influencing a business decision and cannot be reasonably interpreted as such.

6.3 **Materiality and Frequency** – is the gift, entertainment and hospitality modest and infrequent, or could it place or be perceived to place, the other party under an obligation to reciprocate in any way?

Costs associated with the business courtesies are limited to reasonable expenses. The gift, entertainment or hospitality would not negatively impact the reputation of the Bank and is not lavish, extravagant or excessive gift.

6.4 **Legality** – is the gift, entertainment and hospitality legal, both in resident country and in the country of the recipient (include the giving by DBSA employee)? The practice does not violate any law or regulation, or the standards of conduct of the DBSA.

6.5 **Transparency** – should the DBSA, associates and family members become aware of the employee's giving and/or receipt of gifts, entertainment and hospitality, would the employee be embarrassed?

The DBSA employee receiving or accepting the gift or hospitality would be comfortable to discuss the case with DBSA management.

6.6 **Compliance with other party's rules** – is the recipient of the gift or entertainment or hospitality allowed by his/her organisation?

7. POLICY STATEMENT

Gifts, entertainment and hospitality given or received by the DBSA employees to external parties are either:

- Never acceptable (strictly prohibited); or
- May be acceptable but require prior approval; or
- Usually acceptable and require no approval.

The Line Managers and Ethics Officer should be consulted if there is any doubt. Employees and officers are responsible for familiarising themselves with these three categories as described below:

7.1 Gifts, entertainment and hospitality that are strictly prohibited:

- a) In accordance with an employee's obligation to act in the best interests of his or her employer, all DBSA employees are prohibited from soliciting, accepting/ receiving, or from agreeing to solicit, accept/ receive, any gifts, directly or indirectly, other than in terms of the procedures prescribed in this policy.
- b) An employee may not accept/receive or give more than one gift from/to the same supplier, client or third party in any given three-month period.
- c) An employee's family member is prohibited from soliciting, accepting/ receiving any gifts, entertainment and hospitality directly or indirectly on behalf of the employee, where such gifts are obtained from suppliers, clients or third parties, and where the employee has a professional relationship with those suppliers, clients or third parties on behalf of the DBSA.
- d) In the event of uncertainty as to whether a disclosure should be made in terms of this policy, it is the duty/responsibility of the employee to seek advice and to make a disclosure as per the appropriate procedures described in this Policy.

7.1.1 Notwithstanding anything else in this policy document, the following gifts, entertainment and hospitality are strictly prohibited:

- a) The giving or receiving of cash or a cash equivalent (e.g. gift cards, loans, stock, stock options, bonds, items of redeemable value, facilitation payments).
- b) The giving or receiving of any gifts, entertainment and hospitality that would constitute a contravention of any law, including law that has extraterritorial reach. Examples – the South African Prevention and Combating of Corrupt Activities Act, the US Foreign Corrupt Practices Act and the UK Bribery and Corruption Act.
- c) The *quid pro quo* (offered for something in return) giving and receiving of anything that creates an obligation to reciprocate or might influence business judgement or an outcome of a business decision.
- d) The giving or receiving of any gifts, entertainment and hospitality involving parties engaged in a tender or competitive bidding process.
- e) The giving or receiving of any gifts, entertainment and hospitality in exchange for a tender, contract, a permit or any other benefit.
- f) The giving or receiving of any gifts, entertainment and hospitality that would, adversely affect the DBSA's reputation.
- g) All travel and accommodation at the expense of suppliers, vendors, clients or third parties by employees or any employee's family member is specifically prohibited. Any travel and accommodation by an employee at the invitation of suppliers, clients or third parties may only be undertaken if the costs are being borne by the DBSA, and where prior written approval has been obtained from the CEO. This excludes travel for Nominee Directors which is governed by the Nominee Director Policy. Any deviation from the prohibition on the principle, in exceptional cases, that travel and accommodation costs must be borne by the DBSA, may only take place with the prior written permission of the CEO.

7.2 Gifts, entertainment and hospitality that may result in conflict of interests that require approval:

As a rule, any gifts, entertainment and hospitality that could result in a conflict of interest must be declined tactfully, on the basis that it violates the DBSA policy. Where this course of action would be perceived as culturally inappropriate by the giver, the employee or officer should accept the offer but declare the gift.

7.2.1 Entertainment of the following nature is deemed to have inherent potential for creating conflict of interest and should be avoided or declined, unless prior approval from line manager is granted:

- a) Entertainment that includes partners, family members or close friends of employees and officers.
- b) Entertainment lasting longer than a few considerable hours or repeated often.
- c) Lavish meals or hospitality.

- d) Expensive or sought-after gifts such as expensive pens, watches and jewellery, or electronic equipment such as cell phones, laptops and tablet computers.

- e) Sought-after entertainment such as high-profile shows, sporting events or recreational opportunities. Approval should be sought where the employee deems such entertainment as client relationship management.

7.2.2 All gifts, entertainment and hospitality that can be perceived to create a conflict of interest must be dealt with in the following manner:

- a) Every declined/rejected gift, entertainment and hospitality must be declared and recorded in the DBSA Online Gift Register and state the reason for declining/rejecting it.
- b) Gifts, entertainment and hospitality received from training courses and/or conferences (such as laptops, cell phones, tablet computers, etc) are deemed DBSA property once approved and accepted and may not be retained by the employee for personal benefit, unless approved by the Learning & Development officials.
- c) Gifts, entertainment and hospitality must be recorded in the DBSA Online Gift Register promptly, not later than 30 days after the event. Such gifts will be disposed by the Corporate Secretariat through the Corporate Social Investment (CSI) programme. The details (including relevant documentation) of such disposal must be recorded in the Online Gift Register and these records must be available for inspection and auditing.

7.3 Gifts, entertainment and hospitality that may be acceptable:

The DBSA allows for giving and receiving of gifts, entertainment and hospitality where there is clearly no actual and/or potential conflict of interest. Such gifts, entertainment and hospitality are seen to be customary and proper in the circumstances, provided that no obligation for reciprocation is expected. Some gifts, entertainment and hospitality are sufficiently modest that they do not require prior approval.

Although not exhaustive, typical examples of such gifts, entertainment and hospitality include:

- 7.3.1 Modest and occasional meals with someone whom the employee or officer does business with. The Bank appreciates that some meetings are held over meals (breakfast/lunch/dinner) and are a normal way of undertaking business. Hence, the Bank will not place an arbitrary restriction on the number of business-related meetings over meals the Bank employee may attend. However, an employee must ensure that the meals are business related, that the business partner is always present, and that the Bank's independence and reputation are not compromised.
- 7.3.2 Entertainment that involves occasional attendance at ordinary sports events, theatre and other cultural events or a business entertainment event will usually be deemed acceptable if there is no perception that it will or intends to compromise ethical business principles. Packaged events that include travel and overnight accommodation must be considered for approval and signed off by the Chief Executive Officer. Any social gathering, or interaction with our suppliers, clients, service providers or other parties that the Bank liaises with in a business capacity must be conducted in locations or establishments which are generally recognised as appropriate for the conduct of business.
- 7.3.3 Gifts of nominal value, such as ordinary pens, calendars or promotional items.
- 7.3.4 Gifts such as t-shirts, pens, trade show bags, drawings or raffles, calendars, meals during business hours, and all other "trinkets" that employees obtain as attendees of an event, such as conferences, training events, seminars and trade shows, that are offered equally to all attendees in full public view.
- 7.3.5 Rebates, discounts or promotional items available to any citizen or to all DBSA employees.
- 7.3.6 Food and beverages provided at events or conferences which an employee attends in his/her capacity as an employee of the DBSA.
- 7.3.7 The giving and/or receiving of gifts and entertainment by the DBSA employees funded privately on widely recognised occasions such as Secretaries' Day and Bosses' Day. However, potential conflicts of interests arising from such gifts and entertainment must be guarded against and avoided.

8 PROCEDURE

When receiving/accepting or giving acceptable gifts, entertainment and hospitality the following procedure must be applied:

- 8.1 The employee must disclose the acceptance/receipt or giving of gifts, hospitality and entertainment within 30 days of receipt and/or giving, in an online Gift Register on the intranet.
- 8.2 All gifts that exceed the retail value of **R500.00** must be declared by an employee whilst acting in his or her capacity as an employee of the DBSA from suppliers, clients or third parties. This declaration is only for record keeping and it should in no way be considered that it implies that gifts, entertainment and hospitality of this value or above this value are acceptable (reasonable and not excessive).
- 8.3 All gifts, entertainment and hospitality **over the threshold of R1,500.00** must be approved by the Line Manager before being accepted (consumed) by an employee. Gifts, entertainment and hospitality **over R5,000.00** require the approval of the Group Executive, and all gifts, entertainment and hospitality **above R20,000.00** require the approval of the CEO before being accepted (consumed) by an employee. Gifts, entertainment and hospitality to be received and offered by the Group Executives which require approval must be approved by the CEO. This excludes business-related meals as per 7.3.1 above.

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- 8.4 If an employee is in doubt as to the value, this should be ascertained by the employee. The onus is on the employee and failure to ascertain the value will not constitute a defence.
- 8.5 All gifts received by non-executive directors whilst acting on behalf of the DBSA must be disclosed to the Company Secretary and this includes gifts related to hospitality and events. Gifts that are deemed to be excessive, shall be retained by the Bank. Where possible, the gift will be stored onsite under the custodianship of the Company Secretary. Arrangements will be made to donate that item to a recognised charity.
- 8.6 An employee may not accept or receive more than one gift from the same supplier, client or third party in any given three-month period.
- 8.7 The supplier, client or third party that frequently offers gifts, entertainment and hospitality to the DBSA employee or officer will be closely monitored.
- 8.8 The acceptance/receipt or giving of the gift, entertainment and hospitality may not take place in circumstances that amount to a conflict of interest on the part of an employee, as defined in the DBSA Conflict of Interest Policy and Anti-Bribery and Corruption Policy.
- 8.9 Gifts that are deemed to be excessive, shall be retained by the Bank. Where possible, the gift will be stored onsite under the custodianship of the Company Secretary. Arrangements will be made to donate that item in accordance to the Corporate Social Investment (CSI) policy through Corporate Secretariat.
- 8.10 All gifts, entertainment and hospitality that are received in cases where it would be disrespectful, impractical or insulting to decline them may be accepted with the condition that the employee discloses the acceptance of such a gift, entertainment and hospitality to the Line Manager and Group Executive and be declared on the Online Gift Register within seven (7) days of receipt. Gifts received under such conditions will be donated in accordance to the Corporate Social Investment (CSI) Policy through Corporate Secretariat.
- 9 POLICY MONITORING AND REVIEW**
- 9.1 Corporate Secretariat will monitor the implementation of this policy.
- 9.2 The policy shall be reviewed every two years in line with the Policy Development Framework of the Bank or as and when there is a material change.
- 9.3 It is the responsibility of every employee and officer of the DBSA to comply with this policy. Line Managers and Group Executives should manage compliance of their employees to this policy.
- 10 POLICY ENFORCEMENT AND SANCTIONS**
- Non-compliance with this policy and the procedures associated with it will result in a disciplinary action including termination of employment. Non-compliance may also contravene anti-corruption laws, which may result in imprisonment, fines or both. Line managers must ensure the reinforcement of the policy on the employees in areas of their responsibility, and thus hold them accountable. Any violation of this policy by any person subject to this policy, including engaging in any transaction or arrangement without requisite approval under this Policy, will subject such a person to appropriate disciplinary action, up to and including termination of his or her employment.

All suspected incidents of corruption and contraventions of this policy must be reported to the Ethics Officer and/or Hotline.

11 REFERENCES AND RELATED POLICIES

- The DBSA Code of Ethics;
- DBSA Conflict of Interest Policy;
- DBSA Anti-Bribery and Corruption Policy;
- DBSA Entertainment Policy;
- The Prevention and Combating of Corrupt Activities Act, No 12 of 2004.
- The National Treasury Cost Containment Measures;
- Corporate Social Investment (CSI) Policy

12 APPENDICES

This policy must be loaded onto ONBASE for employees' acknowledgement.

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