



Phakama Administration Services (Pty) Ltd (FSP no. 1473)

Ethical Conduct Policy

POLICY STATEMENT

- Any reference to the “organisation” shall be interpreted to include the “policy owner”.
- The organisation’s governing body, its employees, volunteers, contractors, suppliers and any other persons acting on behalf of the organisation are required to familiarise themselves with the policy’s requirements and undertake to comply with the stated processes and procedures.

1. INTRODUCTION

The organisation has always been committed to conducting business in an open and transparent manner. Given the growing importance of ethics and the potential scope for unethical behaviour within the workplace, it is necessary to further articulate and solidify the organisation’s commitment to establishing an ethical business culture. Therefore, this policy has been adopted by the members of the governing body, and applies equally to all directors, employees and representatives of the organisation.

In terms of the King IV Report on Corporate Governance for South Africa 2016 (“King IV”), corporate governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of various governance outcomes. One of these governance outcomes as identified by King IV is the creation of an ethical business culture.

According to King IV, ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. It involves anticipating and preventing any potential negative consequences that the organisation’s activities and outputs may have on the economy, society and the environment. It also concerns the responsible management and use of its capitals, whether economic, social or environmental.

Ethics and integrity form the foundation of corporate governance, and as such the organisation regards the subject of ethical conduct as the foundation upon which the organisation has structured itself. Given the potential reputational and financial losses that unethical conduct can incur, initiating and entrenching an ethical culture is a necessary organisational goal, one that the organisation takes seriously.

Furthermore, the ethical culture of the governing body and the employees of the organisation, is an absolute requirement in order to ensure that the risk management structure of the organisation is effective.

2. DEFINITIONS

2.1 Ethics

Considering what is good and right for the self and the other can be expressed in terms of the golden rule, namely, to treat others as you would like to be treated yourself. In the context of organisations, ethics refers to ethical values being considered and applied to decision-making, conduct and the relationship between the organisation, its stakeholders and broader society.

2.2 Integrity

In the context of governance and ethics, integrity is characterised by being honest and having strong moral principles. It encompasses consistency between stated moral and ethical standards and actual conduct.

2.3 Responsibility

Responsibility denotes taking ownership of one's duties, obligations and behaviour.

2.4 Transparency

The unambiguous and truthful exercise of accountability such that decision-making processes and business activities, outputs and outcomes (both positive and negative) are easily discerned and comparable with ethical standards.

2.5 Values

Convictions and beliefs about how the organisation and those who represent it should conduct themselves, how resources and stakeholders should be treated, what the core purpose and objectives of the organisation should be and how work duties should be performed.

2.6 Governing Body

The governing body refers to a person or group of people that govern an organisation, sets directions and holds itself, management and employees accountable for ethical conduct within the organisation.

3. POLICY PURPOSE

The organisation recognises that ethical governance is imperative in order to ensure that the organisation's strategic objectives and outcomes are achieved. In light of the aforementioned, steps must be taken to ensure that policies and procedures, which establish an ethical culture, are established and maintained in accordance with an explicit governance process whereby the roles and responsibilities of those involved are clearly defined and separated.

The main purpose of this Ethical Conduct policy is therefore to enforce the organisation's commitment towards the Policy Statements and any supplementary Standards, Procedures and Best Practice Principles which provide support and direction to this policy.

4. POLICY STATEMENTS

4.1 The Governing Body

Through the guidance of the principles in King IV which relates to ethics, the organisation commits itself to the following ethical principles and practices:

The governing body of the organisation will lead ethically and effectively. In order to achieve the aforementioned, the governing body will ensure that recommended practices with regard to integrity, accountability, responsibility and transparency are applied throughout the daily business activities and management of the organisation.

4.1.1 Integrity

The members of the governing body are committed to acting in good faith and in the best interests of the organisation.

The members of the governing body recognise that it must set the tone for an ethical organisational culture and be committed to providing direction for ethical conduct within the organisation.

The governing body will ensure that conflicts of interest are avoided. In the event that such a conflict cannot be avoided, it must be disclosed at the earliest opportunity and mediated by the governing body subject to legal provisions.

4.1.2 Accountability

The members of the governing body understand that they are accountable for the execution of their responsibilities.

The members of the governing body understand that they may delegate their responsibilities, but that they may not delegate their accountability. This means that the governing body will always remain accountable for their actions, regardless of any delegation of their responsibilities.

4.1.3 Transparency

The members of the governing body are committed to exercising their governance role and responsibilities in a transparent manner.

4.1.4 Responsibility

The members of the governing body assume responsibility for steering and setting the direction of the organisation, and will:

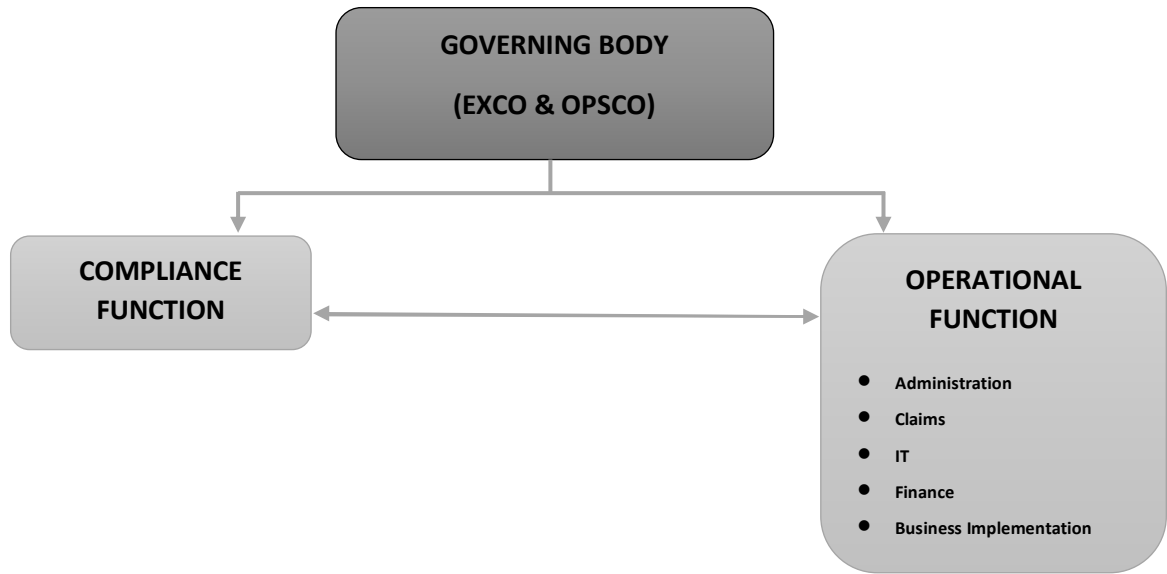
- Approve policies and planning;
- Oversee and monitor implementation and execution by management and the responsible employees;
and
- Ensure accountability for organisational performance.

4.2 Establishing an Ethical Culture

- The governing body is committed to governing the ethics of the organisation in a way that supports the establishment of an ethical culture.
- The governing body will assume responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the organisation.
- The organisation will at all times adhere to the applicable regulatory requirements as imposed by legislation, regulations and best practice guidelines.
- In order to establish an ethical culture, the governing body will approve and implement codes of conduct and ethics policies that will give effect to the governing body's directions. The ethical values to which the organisation will adhere to are contained in the code of conduct of the organisation.
- The employees of the organisation are instrumental in order to achieve the effective implementation of an ethical culture within the organisation. The governing body will therefore ensure that all employees have familiarised themselves with any policy and code of conduct which aims to enhance the organisation's ethical culture. The aforementioned will be achieved by creating awareness and establishing the appropriate training and induction programmes.
- The governing body will delegate to management, or the responsible employees, the responsibility of ensuring that the implementation and execution of the abovementioned codes of conduct and ethics policies are seen to be done. Despite the aforementioned delegation, the governing body will still exercise ongoing oversight of managing ethics within the organisation, with specific reference to the monitoring of adherence to the organisation's ethical standards by employees.
- An ethical culture is largely dependent on compliance with the regulatory requirements which are applicable to the organisation. The governing body therefore re-emphasises the organisation's commitment to the established compliance function within the organisation. Any non-compliance with regulatory requirements will be seen as unethical conduct, which may result in immediate dismissal.

4.3 Organisational Structure

- The below structure is applicable to the organisation:



- Responsibilities include oversight and reporting on the organisation’s ethics. The responsibilities would also include any statutory duties, and any responsibilities which are delegated by the governing body.

Phakama is committed to

