The South African National Roads Agency SOC Limited

MANAGEMENT OF DOMESTIC PROMINENT INFLUENTIAL PERSONS, FOREIGN PROMINENT PUBLIC OFFICIALS & FOREIGN INFLUENTIAL NATIONALS POLICY
Table of Contents

1. INTRODUCTION ......................................................................................... 3
2. POLICY STATEMENT ............................................................................. 3
3. DEFINITIONS .......................................................................................... 3
4. PURPOSE ............................................................................................... 5
5. LEGISLATIVE FRAMEWORK ................................................................. 5
6. SCOPE/POLICY DETAIL ....................................................................... 6
7. RESPONSIBILITIES ............................................................................... 6
8. DISCLOSURE ......................................................................................... 7
9. LINKS TO OTHER POLICIES ............................................................... 7
9. ANNEXURE A ....................................................................................... 9
10. ANNEXURE B ...................................................................................... 11
1. INTRODUCTION

SANRAL aims to be a world leader in the provision of a superior national road network, whilst striving to ensure that co-operative working relationships with all relevant stakeholders are sustained, good governance practice is maintained and its reputation is safeguarded.

2. POLICY STATEMENT

SANRAL strives to maintain good business relationships with its stakeholders who have, or are likely to have an impact on its business, without incurring perceived, association, reputational, operational or legal risk. Such business relationships will be underpinned by good governance principles of transparency and fairness and will be in the best interest of SANRAL.

3. DEFINITIONS

- “Board” means the Board of Directors or the Accounting Authority of SANRAL
- “Business relationship” means the connection formed between SANRAL and external stakeholders for commercial purposes.
- “DD” means Due Diligence.
- “Domestic Prominent Influential Person” means an individual who holds, including in an acting position for a period exceeding six months, or has held at any time in the preceding twelve months, in the Republic, as defined in the Financial Intelligence Centre Amendment Act, No.1 of 2017:

  (a) A prominent public function including that of-
    i. The President or Deputy President;
    ii. A government minister or deputy minister;
    iii. The Premier of a province;
    iv. A member of the Executive Council of a province;
    v. An executive mayor of a municipality elected in terms of the Local Government: Municipal Structures Act, No.117 of 1998;
    vi. A leader of a political party registered in terms of the Electoral Commission Act, No.51 of 1996;
    vii. A member of a royal family or senior traditional leader as defined in the Traditional Leadership and Governance Framework Act, No.41 of 2003;
    viii. The head, accounting officer or chief financial officer of a national or provincial department or government component, as defined in Section 1 of the Public Service Act, No.103 of 1994;
ix. The municipal manager of a municipality appointed in terms of Section 54A of the Local Government: Municipal Systems Act, No.41 of 2000 or a chief financial officer designated in terms of the Municipal Finance Management Act, No.56 of 2003;

x. The chairperson of a controlling body, chief executive officer or the chief investment officer of a public entity listed in Schedule 2 or 3 of the PFMA, No.1 of 1999;

xi. The chairperson of a controlling body, chief executive officer or the chief investment officer of a municipal entity as defined in the Municipal Systems Act, No.32 of 2000;

xii. A constitutional court judge or any other judge as defined in the Judges Remuneration and Conditions of Employment Act, No.47 of 2001;

xiii. An ambassador or high commissioner or other senior representative of a foreign government based in the Republic; or

xiv. An officer of the South African National Defence Force above the rank of major-general;

(b) The position of:

i. Chairperson of the board of directors;

ii. Chairperson of audit committee;

iii. Executive officer; or

iv. Chief financial officer;

of a company as defined in the Companies Act, No.71 of 2008, the company provides goods and services to an organ of state and the annual transactional value of the goods or services or both exceeds an amount determined by the Minister by notice in the Government Gazette; or

(c) The position of head, or other executive directly accountable to that head of an international organization based in the Republic.

- “DPIP” means a Domestic Prominent Influential Person.

- “Family members and known close associates” means immediate family members and known close associates of a person in a foreign or domestic prominent position, as the case may be, as defined in the Financial Intelligence Amendment Act, No.1 of 2017. An immediate family member includes -
  - the spouse, civil partner or life partner;
  - The previous spouse, civil partner or life partner, if applicable;
- Children and step children and their spouse, civil partner or life partner;
- Parents; and
- Sibling and step sibling and their spouse, civil partner or life partner.

- “Foreign Influential National” means an individual who is not a South African citizen or does not have a permanent residence permit issued in terms of the Immigration Act No.13 of 2002, who possesses personal power that induces another person to give consideration or to act on any basis other than the merits of the matter.

- “Foreign Prominent Public Official” means (as defined in the Financial Intelligence Centre Amendment Act, No.1 of 2017) an individual who holds, or has held at any time in the preceding twelve months, in any foreign country a prominent public function including that of a:
  (a) Head of State or head of a country or government;
  (b) Member of a foreign royal family;
  (c) Government minister or equivalent senior politician or leader of a political party;
  (d) Senior judicial official;
  (e) Senior executive of a state-owned corporation; or
  (f) High-ranking member of the military;

- “FPPO” means a Foreign Prominent Public Official.
- “Improper influence” means personal power that induces another person to give consideration or to act on any basis other than the merits of the matter.
- “Senior Management” means the Executive Committee or its individual members.

4. PURPOSE

The objective of this Policy is to provide a framework and a process within which the acceptance, maintenance and monitoring of business relationships with prominent, influential stakeholders who have domestic and/or foreign influence are managed by SANRAL. This is done in order to mitigate SANRAL’s perceived, association, reputational, operational or legal risk, as it strives to foster and maintain fair and transparent business relations.

5. LEGISLATIVE FRAMEWORK

This Policy complies with certain aspects [i.e. sections 21G, 21H, 42(2)I, 79A, Schedule 3A, 21F, 42(2)Q, 79B and Schedule 3B] of the Financial Intelligence Centre Amendment Act, No.1 of 2017, albeit SANRAL is not required to comply with the Act’s provisions due to the nature of its business.
Section 50 (b) of the Public Finance Management Act, No. 1 of 1999, as amended requires the Board to act with fidelity, honesty, integrity and in the best interests of SANRAL in managing the financial affairs of SANRAL.

6. SCOPE/POLICY DETAIL

The policy is applicable to new and existing business partners who potentially meet the definition of DPIPs, FPPOs or FINs.

6.1 Why Screening of DPIPs, FPPOs or FINs?

Business relationships with DPIPs, FPPOs or FINs are not assumed to be inherently high-risk. However, SANRAL must consider each such relationship on its own merits in order to determine whether there is any reason to conclude that it brings higher risk of questionable association, perception of corrupt dealings, conflict of interest or potential abuse leading to fraudulent financial transactions, money laundering, terrorist financing etc. SANRAL will conduct standard verification as per the applicable legislation and will include this information in the latter’s profile (as in Annexure B) which will be used as the basis for ongoing monitoring. These requirements also apply to close family and/or known close associates of DPIPs, FPPOs or FINs.

7. RESPONSIBILITIES

7.1 Verification, Business Partner Identification & Approval Processes

7.1.1 SANRAL is not precluded from doing business with either DPIPs, FPPOs or FINs. Therefore, the identification of a DPIP, FPPO or FIN does not on its own create an automatic reason to decline or reject a business proposal or proposed transaction. However, when a DPIP, FPPO or FIN is identified, a DD should be conducted prior to a decision being made on whether to establish a business relationship or not. The DD is the responsibility of SANRAL’s Procurement function.

7.1.2 All bidders will be required to declare any DPIPs, FPPOs or FINs who may be beneficial owners, decision makers, responsible for the delivery of the project/transaction or such other involvement, as part of their submission. Should they fail to make such a declaration in the prescribed form, the bids will be rendered invalid.

7.1.3 All information relating to the individual and/or transaction concerned shall be submitted to the Procurement Department, guided by Annexures A and B, which will conduct the DD. The DD report must be submitted to the approving governance structure for a determination.
7.1.4 The Legal, Risk & Compliance Department shall be responsible for the periodic ongoing monitoring (status) of persons identified as DPIPs, FPPOs or FINs.

7.1.5 The approving governance structure will be accountable for the final decision.

7.1.6 All potential business transactions (including transactions in the regions) with identified DPIPs, FPPOs or FINs shall be considered by the approving governance structure, in line with the approval limits, as per the Delegation of Authority. The concerned governance structure may decide not to approve the transaction, in which case the reason for non-approval must be explained in writing (i.e. an extract of the minutes to this effect must be saved as part of the procurement records).

7.1.7 All business transactions with identified DPIPs, FPPOs or FINs shall be reported to the Board.

8. DISCLOSURE

All business transactions with identified DPIPs, FPPOs or FINs shall be published on SANRAL’s website, after they have been reported to the Board. The following particulars of each affected transaction shall be disclosed:

a) The full name and classification of the person (i.e. DPIP/FPPO/FIN);

b) The nature of the transaction;

c) The duration of the transaction; and

d) The value of the transaction.

9. LINKS TO OTHER POLICIES

This Policy must be read in conjunction with the following:

a) Supply Chain Management Policy;

b) Fraud and Corruption Policy; and

c) Code of Conduct
10. ANNEXURE A

Pre-approval discovery process

The following is a step-by-step illustration of the process to be followed when a DPIP, FPPO or FIN has been disclosed/discovered/identified prior to approval of the transaction.

**Step 1**

1.1 When a DPIP, FPPO or FIN, family member, or associate has been disclosed within the bid documents or discovered during the DD stage, the responsible employee (procurement employee if at DD stage or Legal, Risk and Compliance Department if at ‘ongoing monitoring’ stage) must complete the relevant particulars of the identified person/s using the form provided in Annexure “B”. The responsible employee must, as part of his/her submission, attach the Annexure “B” form, advising the relevant structure of all known information regarding the identified DPIP, FPPO or FIN.

1.2 The Legal, Risk & Compliance department will assist the Procurement department in performing a risk assessment of the DPIP, FPPO or FIN’s business relationship. The risk assessment should be a composite assessment of all the risk factors to determine if the business relationship with the DPIP, FPPO or FIN is a risk.

1.3 The following should be taken into account when conducting the assessment:
   - Business partner risk factors;
   - Nature of the prominent public function that the DPIP, FPPO or FIN has, (e.g. his/her level of seniority, access to or control over public funds and the nature of the position held).

1.4 If the risk assessment establishes that the business relationship with the DPIP, FPPO or FIN presents a low risk, the Legal, Risk & Compliance Department (in consultation with the Procurement department) will classify it accordingly and less continuous monitoring will be conducted.

1.5 If the risk assessment suggests that the business relationship with the DPIP, FPPO or FIN will be of high risk, the Legal, Risk & Compliance Department will have to conduct continuous monitoring of the risk profile of the identified person.

1.6 The DD will comprise the following:

   1.6.1 Information from the DPIP, FPPO or FIN for purposes of identifying and verifying whether there are any other beneficial owners in the transaction;

   1.6.2 Understanding the ownership and control structure of a legal person, trust or similar arrangement where there is DPIP, FPPO or FIN involvement;
1.6.3 When conducting a DD, the Procurement Department should establish whether the DPIP, FPPO or FIN:
   a) has business interests which are related to his/her public functions (conflict of interest); and
   b) whether the DPIP, FPPO or FIN holds several (related and unrelated) prominent public functions which may enable influence to be exerted at several key decision-making points in a process.

1.7 Once a DD has been concluded, the Procurement Department will have to complete the Annexure “B” form advising the relevant governance structure about the information discovered regarding the identified DPIP, FPPO or FIN.

1.8 It must be noted that despite the need to ensure that a DD is conducted on DPIPs, FPPOs or FINs to protect SANRAL against perceived, association, reputational, operational or legal risk, caution must be exercised to ensure that the basic rights of all Business Partners to privacy and the presumption of innocence are not infringed.

Step 2

2.1 Approval from the relevant governance structure is required for establishing or continuing (for existing business partners) business relationships with DPIPs, FPPOs or FINs.
   2.1.1 The respective governance structure will review the information at hand and make a determination based on all information presented to it, including any other additional information that may be presented verbally or confirmed.
   2.1.2 Furthermore, the governance structure which will be approving a business relationship with a DPIP, FPPO or FIN, when assessing a DPIP, FPPO or FIN, should take into consideration the DPIP, FPPO or FIN’s risk profile before they can approve that transaction or business partnership.

Step 3

3.1 If the transaction is approved by the relevant governance structure, the business unit concerned will continue with the transaction as per relevant internal processes.
3.2 If the transaction is rejected by the relevant governance structure, the business unit concerned will then follow relevant processes for all rejected transactions or business partnerships.
## 11. ANNEXURE B

DOMESTIC PROMINENT INFLUENTIAL PERSONS, FOREIGN PROMINENT PUBLIC OFFICIALS OR FOREIGN INFLUENTIAL NATIONALS (DPIPs, FPPOs or FINs) REPORTING FORM

### IDENTIFICATION PARTICULARS

<table>
<thead>
<tr>
<th>Primary Particulars</th>
<th>First Name</th>
<th>Surname</th>
<th>Middle Name</th>
<th>ID/Passport Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Details</td>
<td>Country of origin</td>
<td>Citizenship</td>
<td>Current country of Residence</td>
<td></td>
</tr>
</tbody>
</table>

### CURRENT STATUS AND BACKGROUND

<table>
<thead>
<tr>
<th>Current Occupation</th>
<th>Occupational Title</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Active</td>
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</tbody>
</table>

Is the potential/business partner (mark with an “X” whichever is applicable):

- a DPIP
- a FPPO
- a FIN
- Family Member or Close Associate of a DPIP/FPPO/FIN?

### KNOWN BUSINESS INTERESTS

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Entity</th>
<th>Role in Entity</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
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<td>4.</td>
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<td>5.</td>
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<td>6.</td>
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<td>7.</td>
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<td>10.</td>
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</table>
DOMESTIC PROMINENT INFLUENTIAL PERSONS / FOREIGN PROMINENT PUBLIC OFFICIALS/ FOREIGN INFLUENTIAL NATIONAL (DPIPs/FPPOs/FINs) REPORTING FORM

MEDIA REPORTS/ OTHER SOURCES OF INFORMATION

(Please reference all known adverse media reports associated with the DPIP/FPPO/FIN)

<table>
<thead>
<tr>
<th>(Please reference all known adverse media reports associated with the DPIP/FPPO/FIN)</th>
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</thead>
<tbody>
<tr>
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Reporting Person/s:

<table>
<thead>
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<th>Full Names:</th>
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<table>
<thead>
<tr>
<th>Head of Department:</th>
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</table>

<table>
<thead>
<tr>
<th>Head of Department’s signature</th>
<th>Date:</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>Reporting Persons signature:</th>
<th>Date:</th>
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</table>
# PROCUREMENT OR LEGAL, RISK & COMPLIANCE VERIFICATION REPORT

(Compliance to verify all known adverse media report/s/ information associated with the DPIP/FPPO/FIN)

<table>
<thead>
<tr>
<th>Compliance Particulars</th>
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</thead>
<tbody>
<tr>
<td><strong>Full Names:</strong> (Procurement officer or Legal, Risk &amp; Compliance Officer)</td>
</tr>
<tr>
<td><strong>Full Names:</strong> (Business unit Head)</td>
</tr>
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<td>Business unit Head signature</td>
</tr>
<tr>
<td>Procurement Officer or Legal, Risk &amp; Compliance Officer Signature</td>
</tr>
</tbody>
</table>

## Impact Assessment and Recommendation:

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Reasons (to be provided by Legal Risk and Compliance Department after the Due Diligence stage)</th>
<th>Recommended Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td></td>
<td>Proceed and monitor</td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td>Proceed with caution and monitor</td>
</tr>
<tr>
<td>Severe</td>
<td></td>
<td>Avoid</td>
</tr>
</tbody>
</table>
