



UMGENI WATER

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

DOMESTIC PROMINENT INFLUENTIAL PERSONS (DPIP) AND FOREIGN PROMINENT PUBLIC OFFICIAL (FPPO) POLICY

Approval Process	Position or Meeting number	Date
Originator:	Treasury Manager	10/05/2021
Finance Manager:	Treasury Manager	10/05/2021
Reviewed by Legal Advisor: (Applicable to policies only)	Position	
Approved:	Chief Financial Officer	14/05/2021
Certified as a true version approved by EXCO (Applicable to procedures only)	Chief Executive	N/a
Recommended/ Approved by EXCO:		18/05/2021
Recommended by Audit Committee:		26/05/2021
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Certified as a true version	Company Secretary	23/06/2021
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UMGENI WATER

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FIN/ TREA/POL/00

Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy

Rev.: 1

TABLE OF CONTENTS

1.	INTRODUCTION	3
2.	PURPOSE	3
3.	SCOPE	3
4.	APPLICABLE LEGISLATION & REGULATIONS	3
5.	AUTHORITY & RESPONSIBILITY	4
6.	DEFINITIONS AND ACRONYMS	4
7.	DOMESTIC PROMINENT INFLUENTIAL PERSON (DPIP)	5
8.	FOREIGN PROMINENT PUBLIC OFFICIAL (FPPO)	6
9.	CLOSE ASSOCIATES	7
10.	FAMILY MEMBERS	7
11.	IDENTIFICATION OF A DOMESTIC PROMINENT INFLUENTIAL PERSONS (DPIP) OR FOREIGN PROMINENT PUBLIC OFFICIAL	8
12.	ACTIONS TO BE TAKEN - ROLES AND RESPONSIBILITIES IN DETERMINING AND MANAGING TRANSACTIONS WITH DPIP AND FPPO	9
13.	EXCLUSIONS	11
14.	RECORDS.....	11
15.	CROSS-REFERENCE TO OTHER POLICIES/PROCEDURES	11
16.	FLOWCHARTS	13
	ANNEXURES.....	13

1. INTRODUCTION

In terms of Sections 7.9 to 7.11 of the JSE Debt listing requirements, Umgeni Water as a debt issuer, must have a current policy dealing with the disclosure and treatment of domestic prominent influential persons (i) at board level and (ii) for the prescribed officers of the issuer in respect of any transaction or dealings by the issuer with domestic prominent influential persons.

2. PURPOSE

The purpose of this Policy is to outline Umgeni Water's approach on dealing with business relationships with persons who are classified as Domestic Prominent Influential Persons ("DPIP") or Foreign Prominent Public Officials ("FPPO") and to set out the process to be followed in the identification, treatment and monitoring thereof.

The Policy is intended to set governing principles aimed at mitigating reputational, legal, operational and governance risks associated with DPIP or any potential risk related thereto in accordance with applicable regulatory requirements and industry best practice.

3. SCOPE

This Policy is applicable to all Umgeni Water governance structures and/or individuals with authority to approve business relationships with persons who are classified as DPIP and FPPO.

4. APPLICABLE LEGISLATION & REGULATIONS

- Companies Act 71 of 2008
- JSE Debt Listing Requirements;
- Protection of Personal Information Act, 2013 (Act No. 4 of 2013);
- Financial Intelligence Centre Act ("FICA"), 2001 as amended (Act No. 38 of 2001);
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- Prevention of Organised Crime Act, 1998 (Act No. 121 of 2009);

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- Public Finance Management Act (“PFMA”), 1999 (Act No. 1 of 1999);
- Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004); and
- Financial Action Task Force (“FATF”) Guidance on Politically Influential Persons June 2013.

5. AUTHORITY & RESPONSIBILITY

- The procedure is managed by the Finance division with consultation and input from all divisions of the organization.
- 3.1. Approval and adoption: Board.
- 3.2. Custodian: Chief Financial Officer
- 3.3. Execution: Treasury department

6. DEFINITIONS AND ACRONYMS

- Board – means the board of directors of UW, being the accounting authority of UW;
- CE – means the Chief Executive;
- CFO – means the Chief Financial officer of UW;
- DPIP - Domestic Prominent Influential Persons
- EXCO – Executive Committee
- FPPO – Foreign Prominent Public Official
- JSE - Johannesburg Stock Exchange
- Prescribed Officers - Despite not being a director of a particular company, a person is a “prescribed officer” of the company for all purposes of the Companies Act if that person –

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company; or
- regularly participates to a material degree in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the company.
- This regulation applies to a person contemplated in sub-regulation (1) irrespective of any particular title given by the company to –
 - an office held by the person in the company; or
 - a function performed by the person for the company.
- PEP - Politically Exposed Person

7. DOMESTIC PROMINENT INFLUENTIAL PERSON (DPIP)

7.1. A Domestic Prominent Influential Person is an individual who holds, (including in an acting position for a period exceeding six months, or has held at any time in the preceding 12 months), a prominent public function in the Republic of South Africa including that of;

- The President or Deputy President;
- A government minister or deputy minister;
- The Premier of a province;
- A member of the Executive Council of a province;
- An executive mayor of a municipality;
- A leader of a registered political party
- A member of a royal family or senior traditional leader;
- 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, 1994 (Proclamation No. 103 of 1994);
- The municipal manager or a chief financial officer of a municipality;

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- The chairperson of the controlling body, the chief executive officer, or a natural person who is the accounting authority, the chief financial officer or the chief investment officer of a public entity listed in Schedule 2 or 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- The chairperson of the controlling body, chief executive officer, chief financial officer or chief investment officer of a municipal entity;
- A constitutional court judge or any other judge as defined in section 1 of the Judges' Remuneration and Conditions of Employment Act, 2001 (Act No. 47 of 2001);
- An ambassador or high commissioner or other senior representative of a foreign government based in the Republic; or
- An officer of the South African National Defence Force above the rank of major-general;
- Chairperson of the board of directors, chairperson of the audit committee, executive officer or chief financial officer, of a company if the company provides goods or 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 Gazette; or
- The position of head, or other executive directly accountable to that head of an international organisation based in the Republic

8. FOREIGN PROMINENT PUBLIC OFFICIAL (FPPO)

8.1. A foreign prominent public official is an individual who holds, or has held (at any time in the preceding 12 months), a prominent public function in any foreign country including that of a;

- Head of State or head of a country or government;
- Member of a foreign royal family;
- Government minister or equivalent senior politician or leader of a political party;
- Senior judicial official;
- Senior executive of a state-owned corporation; or

- High-ranking member of the military.

9. CLOSE ASSOCIATES

9.1. Refers to individuals who are closely connected to a DPIP or FPPO, either socially or professionally. The category of closely associated persons should include close business associates/ partners (especially those that share beneficial ownership of legal entities with the DPIP or FPPO or who are otherwise connected e.g. through joint membership of a company board), and personal/ financial advisors/ consultants or persons acting in a fiduciary capacity to the politically exposed person as well as any other person(s) who benefit significantly as a result of being close with such a person, including;

- Known sexual partners outside the family unit.
- Prominent members of the same political party, civil organisations, labour or employee union as the prominent person.
- Business partner, associates, especially those that share beneficial owners of legal entities with the prominent person, or who are otherwise connected.
- Any person who has sole beneficial ownership of a legal entity or legal arrangement which was set up for the actual benefit of the prominent person.

10. FAMILY MEMBERS

10.1. Refers to people who are related to the DPIP or FPPO either directly (consanguinity) or through marriage or similar (civil) forms of partnership. Business relationships with close family members of DPIPs or FPPOs attract similar risks to those with DPIPs or FPPOs themselves, and therefore organisations must ensure that proper systems and procedures are in place to aptly identify and monitor the activities of family members.

- The following assist in identifying family members:
- Spouses and life partners;
- Children and siblings;
- Parents and grandparents;

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- Uncles and aunts;
- Nephews and nieces; and
- Relatives by marriage.

11. IDENTIFICATION OF A DOMESTIC PROMINENT INFLUENTIAL PERSONS (DPIP) OR FOREIGN PROMINENT PUBLIC OFFICIAL

11.1. Umgeni Water will adopt the following procedures to identify DPIP/FPPO

- Making enquiries about the DPIP status of prospective suppliers during the tender, negotiation, contracting;
- Review of declaration forms completed by Board members and Employees.
- Verifying the identities of all new and existing service providers and suppliers against publicly available information;
- Risk profiling a person as a DPIP utilising the occupation as well as the industry where the individual works; and
- Considering other reputable sources of information such as industry publications, government publications or press releases and/or company issued updates.

11.2. Once a DPIP or FPPO is identified, enhanced due diligence (EDD) must be conducted to determine the appropriateness of establishing a business relationship. EDD shall include but will not be limited to the following measures:

- Establish and verify the nature of the business;
- Establish the intended purpose of the business;
- Determine the ownership and control structure;
- Establish the identity of the beneficial owner;
- Establish if a DPIP or FPPO influences business policies and strategy;

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- Establish the nature of the position held by the individual concerned (the day-to-day management position versus an individual in a consultative role or a non-executive role); and
- Determine the source of funds for the intended transaction or business.

11.3. All findings on the screening/due diligence including recommendations must be reported to the CFO/Prescribed officer for record keeping and consideration. The CFO or prescribed officer delegate will:

- Review the process and provide guidance on the validity or otherwise of the screening/due diligence; and
- Make recommendations on how the relationship must be managed.

12. ACTIONS TO BE TAKEN - ROLES AND RESPONSIBILITIES IN DETERMINING AND MANAGING TRANSACTIONS WITH DPIP AND FPPO

12.1. Approving Official/ Authority

- The CFO must ensure reporting in accordance with relevant regulatory requirement and other governance protocols / instrument of control;
- The CE refers all identified DPIP or FPPO that exist at Board level to Department of Water and Sanitation through the Board Chairperson. Notwithstanding the above, matters within this Policy involving the CE and the CFO shall be dealt with by the Board; and
- In the case of EXCO members and Prescribed Officers, matters within this Policy shall be referred to the CE on recommendation of the CFO as the Policy Sponsor.
- The declaration of interest form must be signed and declarations made wherever such conflicts occur.

12.2. Company Secretary

- Group Company Secretariat to:

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- Monitor the DPIP or FPPO declarations at Board, Board committee, EXCO and sub-committee meetings in line with the meeting Declaration of Interest register;
- Upload and keep records of such declarations for Board members and Prescribed Officers on the Company website and report to the relevant committees for noting.

12.3. Employees

- Comply with the provisions of this Policy; and
- Disclose their status as and when necessary as per the declaration of interest forms issued by HR on an annual basis.

12.4. Compliance

- Through Internal Audit, the CFO or relevant prescribed officer to conduct DPIP or FPPO periodic review and provide guidance to inform decision making;
- Conduct transaction specific Due Diligence and complete and sign the DPIP or FPPO Reporting Form;
- Ongoing monitoring of DPIP or FPPO as part of compliance monitoring process and/or as part of trigger events;
- Keep records of all approved DPIP or FPPO due diligence reports.
- The CFO and prescribed officer must ensure that there is an ongoing training and awareness on the Policy;
- Maintain a Register of all DPIP or FPPO for tracking and monitoring purposes;
- Conduct regular risk assessment and proactively monitor all DPIP or FPPO related risks and relationships;
- Develop an action plan to address all identified risks; and
- Commercial Agreement to inclusion provisions relating to DPIP or FPPO.



UMGENI WATER

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

12.5. Process Owners (including but not limited to Treasury, Property and Procurement)

- Initiate the screening process by completing the DPIP or FPPO Reporting Form;
- Ensure that all activities as prescribed by the Act are carried out in line with the provisions of this Policy for compliance purposes;
- Prepare clear functional processes that takes into consideration the DPIP / FPPO Policy compliance requirements;
- Keep records of all approved DPIP / FPPO business relationships and transaction.
- Ensure that a copy of the due diligence report and recommendations are kept as part of the overall transaction file/record;
- Ensure that process specific systems are linked to the Internal DPIP / FPPO Database to make it easy to detect and for reporting purposes; and
- Ensure that there is an ongoing training and awareness in relation to this policy.

13. EXCLUSIONS

13.1. There are no exclusions to this policy.

14. RECORDS

Record Name	Responsibility	Location	Archive Period On-site	Archive Period Off-site

15. CROSS-REFERENCE TO OTHER POLICIES/PROCEDURES

- 15.1. Delegation of Authority Framework;
- 15.2. Ethics Risk Management Framework

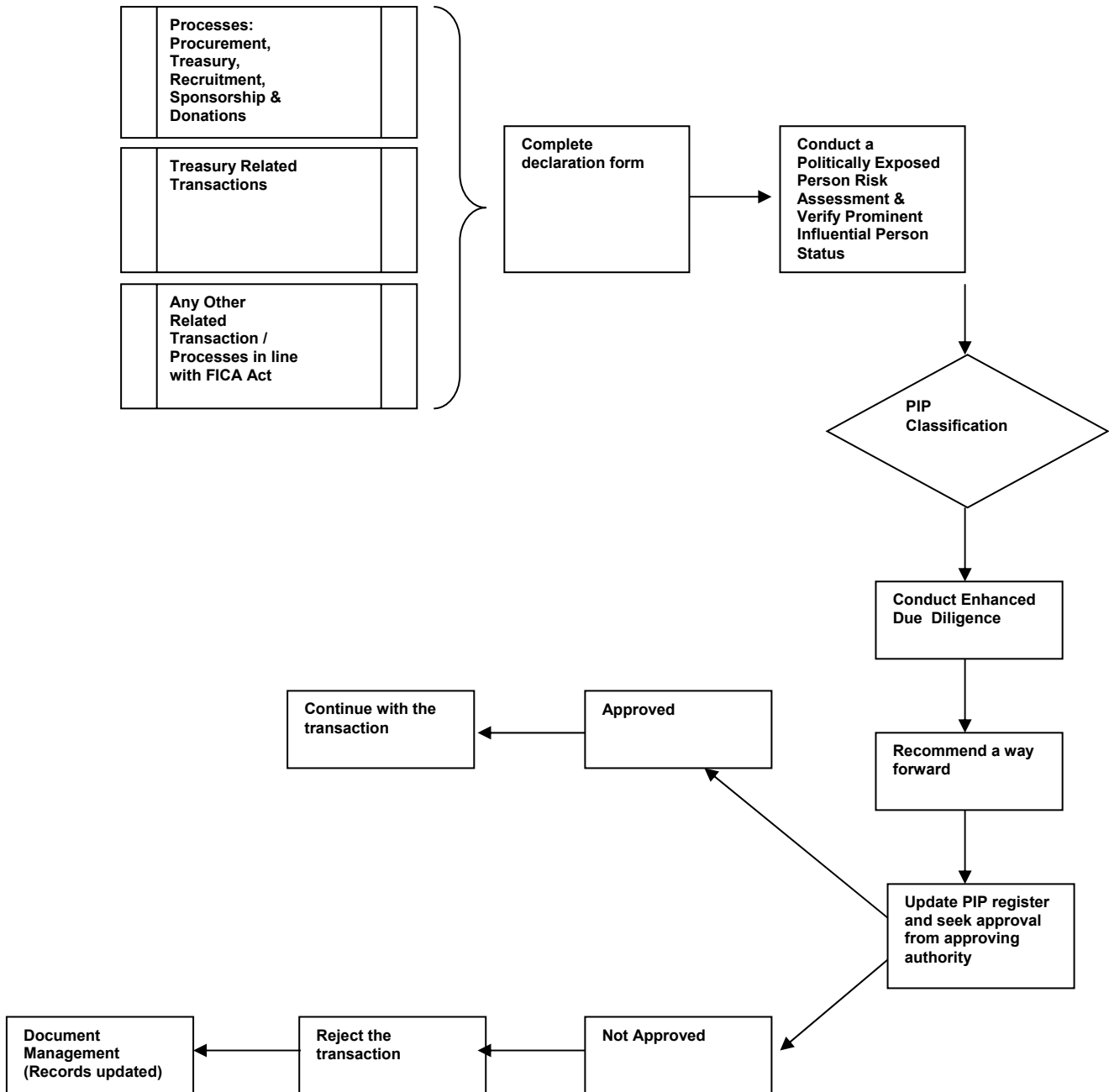


UMGENI WATER

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

- 15.3. Supply Chain Policy (and procurement governance protocols);
- 15.4. Declaration of Interest and Related Party Disclosures Policy for Non - Executive Directors;
- 15.5. Declaration of Interest and Related Party Disclosures Policy for Employees.

16. FLOWCHARTS





UMGENI WATER

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

ANNEXURES



UMGENI WATER

Finance Division	FIN/ TREA/POL/00
Domestic Prominent Influential Persons (DPIP) and Foreign Prominent Public Official (FPPO) Policy	Rev.: 1

Date: xx/xx/xx
2012/2013/#x

Exco Resolution	#
Tracking of Resolutions by relevant committee	
<i>Capture details of resolution</i>	

Stamped by Company Secretary

Stamp Date

Audit/Ethics/Capex /Remco & Board Resolution	#
Tracking of Resolutions by relevant committee	
<i>Capture details of resolution</i>	