



# UMNGENI-UTHUKELA WATER

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| <b>Finance Division</b>                           | <b>FIN/ TREA/POL/00</b> |
| <b>Prominent Influential Persons (PIP) Policy</b> | <b>Rev.: 2</b>          |

## PROMINENT INFLUENTIAL PERSONS (PIP) POLICY

| <b>Approval Process</b>   | <b>Position or Meeting number</b> | <b>Date</b> |
|---|-----------------------------------|-------------|
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| Originator:   | Treasury Manager                  | 15/04/2025  |
| Finance Manager:  | Treasury Manager                  | 15/04/2025  |
| Reviewed by Legal Advisor:<br>(Applicable to policies only)                     | Position                          |             |
| Approved:   | Chief Financial Officer           | 17/04/2025  |
| Certified as a true version approved by EXCO<br>(Applicable to procedures only) | Chief Executive                   | N/a         |
| Recommended/ Approved by EXCO:  |                                   | 24/04/2025  |
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| Certified as a true version   | Company Secretary                 |             |
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## 1. INTRODUCTION

In terms of Sections 7.9 to 7.11 of the JSE Debt and Specialist Securities listing requirements, uMngeni-uThukela Water as a debt issuer, must have a current policy dealing with the disclosure and treatment of 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 prominent influential persons.

## 2. PURPOSE

2.1. The purpose of this Policy is to outline uMngeni-uThukela 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.

2.2. 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

3.1. This Policy is applicable to all uMngeni-uThukela 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

- 4.1. JSE Debt & Specialist Securities Listing Requirements;
- 4.2. Protection of Personal Information Act, 2013 (Act No. 4 of 2013);
- 4.3. Financial Intelligence Centre Act ("FICA"), 2001 as amended (Act No. 38 of 2001);
- 4.4. Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- 4.5. Prevention of Organised Crime Act, 1998 (Act No. 121 of 2009);
- 4.6. Public Finance Management Act ("PFMA"), 1999 (Act No. 1 of 1999);
- 4.7. Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004); and

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4.8. Financial Action Task Force (“FATF”) Guidance on Politically Influential Persons June 2013.

## 5. AUTHORITY & RESPONSIBILITY

5.1. The procedure is managed by the Finance division with consultation and input from all divisions of the organization.

5.1.1. Approval and adoption: Board.

5.1.2. Custodian: Chief Governance and Compliance Officer

5.1.3. Execution: Treasury department

## 6. DEFINITIONS AND ACRONYMS

6.1. Board – means the board of directors of uMngeni-uThukela Water (UUW), being the accounting authority of UUW;

6.2. CE – means the Chief Executive;

6.3. CFO – means the Chief Financial officer of UUW;

6.4. CGCO – means the Chief Governance and Compliance Officer

6.5. DPIP -Domestic Prominent Influential Persons as defined by the Financial Intelligence Centre Act No 38 of 200

6.6. EDD – means Enhanced Due Diligence which is the process wherein UUW undertakes to verify the identity of the client, nature of the client business interest and monitor the established business relationship

6.7. EXCO – Executive Committee

6.8. FPPO – Foreign Prominent Public Official

6.9. JSE - Johannesburg Stock Exchange

6.10. Prescribed Officers - Despite not being a director of the entity , a person is a “prescribed officer” if that person –

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6.10.1. exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the entity; or

6.10.2. 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 entity.

6.11. 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;

- 7.1.1. The President or Deputy President;
- 7.1.2. A government minister or deputy minister;
- 7.1.3. The Premier of a province;
- 7.1.4. A member of the Executive Council of a province;
- 7.1.5. An executive mayor of a municipality;
- 7.1.6. A leader of a registered political party
- 7.1.7. A member of a royal family or senior traditional leader;
- 7.1.8. 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);
- 7.1.9. The municipal manager or a chief financial officer of a municipality;
- 7.1.10. 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);

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- 7.1.11. The chairperson of the controlling body, chief executive officer, chief financial officer or chief investment officer of a municipal entity;
- 7.1.12. 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);
- 7.1.13. An ambassador or high commissioner or other senior representative of a foreign government based in the Republic; or
- 7.1.14. An officer of the South African National Defence Force above the rank of major-general;
- 7.1.15. 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
- 7.1.16. 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;

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

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8.1.6. 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;

- 9.1.1. Known sexual partners outside the family unit.
- 9.1.2. Prominent members of the same political party, civil organisations, labour or employee union as the prominent person.
- 9.1.3. Business partner, associates, especially those that share beneficial owners of legal entities with the prominent person, or who are otherwise connected.
- 9.1.4. 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.

- 10.1.1. The following assist in identifying family members:
- 10.1.2. Spouses and life partners;
- 10.1.3. Children and siblings;
- 10.1.4. Parents and grandparents;
- 10.1.5. Uncles and aunts;

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10.1.6. Nephews and nieces; and

10.1.7. Relatives by marriage.

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

11.1. uMngeni-uThukela Water will adopt the following procedures to identify DPIP/FPPO

11.2. Making enquiries about the DPIP status of prospective suppliers during the tender, negotiation, contracting;

11.3. Review of declaration forms completed by Board members and Employees.

11.4. Verifying the identities of all new and existing service providers and suppliers against publicly available information;

11.5. Risk profiling a person as a DPIP utilising the occupation as well as the industry where the individual works; and

11.6. Considering other reputable sources of information such as industry publications, government publications or press releases and/or company issued updates.

11.7. Through the findings in terms of investigating any whistleblowing reports that may indicate a potential undisclosed PIP.

11.8. 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:

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



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- 11.8.6. 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
- 11.8.7. Determine the source of funds for the intended transaction or business.

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

- 11.9.1. Review the process and provide guidance on the validity or otherwise of the screening/due diligence; and
- 11.9.2. 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

- 12.1.1. The CGCO must ensure reporting in accordance with relevant regulatory requirement and other governance protocols / instrument of control;
- 12.1.2. 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 CGCO shall be dealt with by the Board; and
- 12.1.3. In the case of EXCO members and Prescribed Officers, matters within this Policy shall be referred to the CE on recommendation of the CGCO as the Policy Sponsor.
- 12.1.4. The declaration of interest form must be signed and declarations made wherever such conflicts occur.

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## 12.2. Company Secretary

- 12.2.1. Monitor the DPIP or FPPO declarations at Board, Board committee, EXCO and sub-committee meetings in line with the meeting Declaration of Interest register;
- 12.2.2. 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

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

## 12.4. Compliance

- 12.4.1. Through Internal Audit, the CGCO or relevant prescribed officer to conduct DPIP or FPPO periodic review and provide guidance to inform decision making;
- 12.4.2. Conduct transaction specific Due Diligence and complete and sign the DPIP or FPPO Reporting Form;
- 12.4.3. Ongoing monitoring of DPIP or FPPO as part of compliance monitoring process and/or as part of trigger events;
- 12.4.4. Keep records of all approved DPIP or FPPO due diligence reports.
- 12.4.5. The CGCO and prescribed officer must ensure that there is an ongoing training and awareness on the Policy;
- 12.4.6. Maintain a Register of all DPIP or FPPO for tracking and monitoring purposes;

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- 12.4.7. Conduct regular risk assessment and proactively monitor all DPIP or FPPO related risks and relationships;
- 12.4.8. Develop an action plan to address all identified risks; and
- 12.4.9. Commercial Agreement to inclusion provisions relating to DPIP or FPPO.

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

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

## 13. COMPLIANCE WITH THE JSE DSS REQUIREMENTS

- 13.1. All loans and procurement with related parties, DPIP's and Prescribed officers must be declared and recorded in a register which will be uploaded to the Uuw website on an annual basis.

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13.2. The details to be recorded in the register is as follows:

- 13.2.1. Parties to the agreement
- 13.2.2. Brief description of the agreement
- 13.2.3. Date of the agreement and duration; and
- 13.2.4. Total value of the agreement for the duration of the period

13.3. A negative statement to be made if there are no such transactions with related parties, DPIP's and Prescribed officers.

13.4. Any amendments to this policy or any deviations from this policy to reported via a SENS announcement immediately, including the reasons for the amendments and/or deviations.

## 14. EXCLUSIONS

14.1. There are no exclusions to this policy.

## 15. RECORDS

| Record Name | Responsibility | Location | Archive Period<br>On-site | Archive Period<br>Off-site |
|-------------|----------------|----------|---------------------------|----------------------------|
|             |                |          |                           |                            |
|             |                |          |                           |                            |
|             |                |          |                           |                            |

## 16. CROSS-REFERENCE TO OTHER POLICIES/PROCEDURES

- 16.1. Delegation of Authority Framework;
- 16.2. Integrated Ethics Management Framework
- 16.3. Supply Chain Policy (and procurement governance protocols);
- 16.4. Disclosure of interest Rev6
- 16.5. Whistleblowing policy;

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## 17. FLOWCHARTS

