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Land Bank Insurance Company

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LBI WHISTLE-BLOWING POLICY



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1. PURPOSE

- 1.1 Land Bank Insurance “LBI” is committed to ensuring that matters relating to fraud, corruption, and other irregularities are reported and dealt with in accordance with the full extent of the law. LBI acknowledges that in order to ensure that instances of fraud are dealt with, appropriate and effective systems of reporting such instances with the appropriate channels should be in place.
- 1.2 The government, and the public of South Africa, expect LBI and its staff to demonstrate that the Bank manages its business efficiently, effectively, and ethically to deliver the result expected.
- 1.3 LBI is a company established as a subsidiary of the Land Bank that offers insurance to farmers and the overall agricultural sector. LBI offers long-term and short-term insurance under LBIC SOC Limited and LBLIC SOC Limited, respectively. Short-term insurance includes asset insurance coverage on everything that has to do with farming requirements, i.e. vehicles, farming, irrigation, machinery, livestock, and computers. Assets are insured against fire, flooding, theft, and natural disasters. Crop insurance covers crop failure due to excessive hail, frost, wind, and physical damage to the whole or part of the insured crop and protects against loss of income. In addition, LBLIC offers life cover to farmers.
- 1.4 LBIC shareholders and the Board manage risks associated with operations through well- defined policies and procedures. The Whistle Blowing Policy is defined in relation to:
 - Prudential Authority (PA)
 - Insurance Act 18 of 2017 and the GOIs (specifically GOI 3, Section 6.1 and GOI 3, Attachment 1, Section G)
- 1.5 This Policy should be read in conjunction with the following policies/documents in order to fully understand its content:
 - Fraud Prevention Strategy,

- Fraud Risk Management Policy,
- The Disciplinary Code and Procedure,
- Fit and Proper Policy,
- Code of Ethics and Business Conduct of the Land Bank Group, and
- Operational Risk Management Policy and Enterprise Risk Management.

These policies can be found on the Land Bank Intranet, under the Document Centre Management Section and subsection relating to LBIC Policies.

2. OBJECTIVES OF THE POLICY

2.1 The objective of this Policy is to set guidelines for the reporting of fraud, corruption, and other irregularities by employees of LBI, its service providers, stakeholders, and the general public. The Policy is intended to:

- Provide a framework for LBI to prevent and detect fraud and corruption;
- Inform employees on how to report allegations of fraud and remedies available for the protection of their identity and against harassment and retaliation; and
- Support ethical work practices through individual behavior and decision-making.

3. CORPORATE GOVERNANCE

3.1 LBI, through the Audit and Risk Committee, has given a firm commitment that the company will manage Insurance Fraud Risks, tighten accountability, and improve transparency and that all its staff will be responsible for their actions;

3.2 LBI expects all staff to approach their responsibilities, work, and dealings with colleagues in accordance with the company values;

4. SCOPE OF THE POLICY

4.1 Existing grievance procedures are in place to enable employees to raise grievances relating to their employment. This Policy is intended to cover the disclosure of concerns that fall outside the scope of grievance procedures. These disclosures are addressed in the Protected Disclosures Act (“PDA”) and are outlined below:

- That a criminal offense has been committed, is being committed, or is likely to be committed;
- That a person has failed, is failing, or is likely to fail to comply with any legal obligation to which that person is subject;
- That a miscarriage of justice has occurred, is occurring, or is likely to occur;
- That the health or safety of an individual has been, is being, or is likely to be endangered;
- That the environment has been, is being, or is likely to be damaged;
- Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, No. 4 of 2000; or
- That any matter referred to in the paragraphs above has been, is being, or is likely to be deliberately concealed.

4.2 This policy relates to disclosures made by employees to LBI. In this regard, cognisance is taken of the fact that the PDA also provides for other reporting channels. It also applies to all allegations, attempts, and incidents of fraud and corruption impacting or having the potential to impact LBI negatively.

4.3 All LBI employees must comply with the spirit and content of the Policy.

4.4 It is expected of all employees to approach their responsibilities, work, and dealings with colleagues in accordance with Land Bank values.

5. DEFINITION OF FRAUD

List and describe all the words, and acronyms that are used throughout the document.

Employees Any person, including fixed-term contractors, who works for Land Bank and who receives or is entitled to receive any remuneration.

Corruption The general offence of corruption as defined in the Prevention and Combating of Corrupt Act is directly or indirectly accepting or

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agreeing or offering to accept any gratification from another person; giving or agreeing or offering to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:

- Illegal, dishonest, unauthorised, incomplete, or biased;
- Misuse or selling of information or material acquired;
- Abuse of positions of authority;
- Breach of trust;
- Violation of a legal duty or set of rules;
- Designed to achieve an unjustified result; and
- Any other unauthorised or improper inducement to do or not to do anything;

Fraud The unlawful and intentional making of a misrepresentation that causes actual or potential prejudice to another.

Theft The unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently.

Land Bank The Land and Agricultural Development Bank of South Africa established in terms of the Land and Agricultural Development Bank Act (Act 15 of 2002).

Land Bank Act Land and Agricultural Development Bank Act (Act 15 of 2002).

Unethical behaviour Means behaviour or business practices that are not in line with the Land Bank's values and underlying principles of good governance.

6. POLICY

What is whistle-blowing?

- 6.1 Whistleblowing encourages and enables employees to raise serious concerns within the organisation rather than overlooking a problem or 'blowing the whistle' to parties outside the organisation.
- 6.2 Employees are often the first to become aware of illegal or unethical practices within an organisation. However, they may not express their concerns as they feel that speaking up would be disloyal to their colleagues, to the organisation, or would lead to retaliation or victimisation.

Who can blow the whistle?

- 6.3 Any employee of Land Bank Insurance and all managers, Land Bank Insurance customers, services providers, the general public, and other stakeholders who have a reasonable belief that fraud, corruption, and other irregularities have occurred or are likely to occur in Land Bank Insurance or outside Land Bank Insurance that may negatively affect its business dealings.

What can you blow the whistle on?

- 6.4 While grievances should be reported through other channels, below are examples of concerns that should be reported using the whistle-blowing channels (This is a mere guideline and not an exhaustive list):
 - Corruption;
 - Theft;
 - Fraud;
 - Dishonesty;
 - Procurement irregularities;
 - Environmental violations;

- Financial statement fraud;
- Other criminal offences;
- Conduct that is an offense or a breach of law;
- Failure to comply with a legal obligation;
- Disclosures related to miscarriages of justice;
- Health and safety risks, including risks to the public as well as other employees;
- The unauthorised use of public funds;
- Possible fraud and corruption;
- Unethical behaviour including violating company policies or procedures;
- Sexual harassment;
- Discrimination;
- Sexual, physical, or other abuse of colleagues, employees, and/or clients; and
- Other unethical conduct.

Occupational detriment

6.5 LBI acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of occupational detriment from those responsible for the irregularity.

6.6 LBI will not tolerate harassment or victimisation and will take action to protect employees when they raise a concern in good faith. This does not mean that if an employee is already the subject of disciplinary or other action, that action will be halted as a result of their whistle-blowing.

6.7 Reporting in good faith means:

- The Whistleblower only discloses information with a reasonable belief that the information being disclosed is true and
- The Whistleblower is not acting for personal gain, or reporting maliciously.

6.8 An employee may not be subject to the following “occupational detriment” as a result of having made a disclosure/report such as being:

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- Subjected to any disciplinary action;
- Dismissed, suspended, demoted, harassed or intimidated;
- Transferred against his/her will;
- Refused transfer or promotion;
- Being subjected to a term or condition of employment or retirement which is altered or kept altered to his/her disadvantage;
- Refused a reference, or being provided with an adverse reference;
- Threatened with any of the actions referred to above; and
- Otherwise adversely affected in respect of his/her employment, profession which may include employment opportunities and work security.

Protection of Whistleblowers and confidentiality

6.9 LBI will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed.

- A protected disclosure is when an employee makes any disclosure:
 - In good faith;
 - Reasonably believes the information disclosed is substantially true and
 - Not for personal gain, excluding any reward payable in terms of any law.
- Employee will be protected even if upon investigation the allegations are found to be unsubstantiated.
- Protection will not be available if the disclosure is found to be frivolous or the disclosure questions the merits of government policy or the disclosure is made with a motive of avoiding disciplinary action or dismissal.
- If you contact the Tip-offs Anonymous contact center run by the service provider, you are not required to give your name or any personal details, unless the laws and regulations in your local jurisdiction do not approve / authorize anonymous reporting. Secondly, there is no caller identification so they do not know from where the call was made. Even though

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they record all the calls, LBI will not have access to the recordings so no one will be able to identify your voice. The service provider also has report analysts on site who 'sanitise' every call, which means that they strip out any information that could lead to the identity of the caller, so LBI only gets a very factual report of the alleged wrongdoing with no additional information.

- The service provider personnel are very carefully selected and undergo intensive background checking before they commence work in the contact center. Contact center agents also subject themselves to ongoing checks and declarations to ensure that we can identify, at an early stage, the likelihood of any personnel becoming victims of blackmail, becoming involved in any inappropriate or criminal activity, or whose integrity becomes impaired.

Harassment and retaliation

6.10 LBI shall ensure that no employee is subject to harassment and/or retaliation as a result of reporting suspicious fraud to management of LBI or using any of the available reporting methods as prescribed.

6.11 No employee will suffer harassment, retaliation, or adverse employment consequences as a result of the submission in good faith of their disclosure. Any employee of the company, who retaliates against a person who has submitted a disclosure pursuant to this policy in good faith, shall be subject to disciplinary action following which the maximum sanction will be applied.

Remedies available to those who blow the whistle

6.12 LBI acknowledges and complies with the requirements of the PDA as amended in terms of complying with the protection of those who blow the whistle and in terms of applying the remedies available as per the requirements of the PDA and this Policy.

7. REPORTING ALLEGATIONS OF FRAUD

To whom can a report be made?

7.1 The following are ways in which an employee may report an irregularity in terms of the Policy:

- The employee to report to their immediate supervisor or any manager; or
- The report should be made to the Chief Audit Executive or Chairperson of the Audit and Risk Committee.

7.2 All supervisors and managers must convey whistleblower reports to the Chief Audit Executive for further investigation.

Fraud and Ethics Hotline

7.3 It is understandable that at times it is difficult to report a problem to a manager due to confidentiality issues. In this case, employees are to use the fraud and ethics hotline which allows for anonymous reporting. The hotline provides Whistleblowers with various options for making disclosures, all of which are safe to use.

7.4 LBI makes use of an independent fraud hotline which is intended to achieve the following:

- To deter potential fraudsters and corrupt individuals by making all employees and other stakeholders aware that LBI is not a soft target, as well as encouraging the participation of employees in supporting, and making use of this facility;
- To raise the level of awareness that LBI will not tolerate fraud;
- To detect incidents of fraud by encouraging whistleblowers to report incidents that they witness or become aware of;
- To assist in managing the requirements of the PDA by creating and communicating an additional channel through which whistleblowers can report irregularities that they witness or which come to their attention and

- To further assist in identifying areas of fraud risk in order that preventive and detective controls can be appropriately improved or developed.
- 7.5 Employees are encouraged to assist in the resolution of all allegations of fraud and corruption. Should employees wish to report allegations of fraud and corruption anonymously, they can contact Land Bank's fraud hotline, the Chief Audit Executive or Head of Risk, or the Chairperson of the Audit and Risk Committee.
- 7.6 In making a disclosure using the above means, the Whistleblower is encouraged to provide as much information as possible relating to the matter, bearing in mind that the greater the information available, the more thoroughly the matter is likely to be investigated and, in turn, resolved.

The following type of information may be requested:

- Who is involved?
- What have they been doing?
- What has happened?
- How was it done?
- How often has it occurred?
- Where is it done?
- When was it observed?
- What sort of value(s) was involved?

Anonymous Reporting

- 7.7 While people have a right to report anonymously, it should be noted that they can put their names to allegations should they wish to. Concerns expressed anonymously are difficult to investigate; nonetheless, they will be followed up fully taking into account inter alia the following:
- Preliminary investigations that indicate a need for further investigations;
 - The seriousness of the impropriety raised;

- Whether the impropriety is continuing or is likely to continue in the future;
- The credibility of the concern; and
- The likelihood of confirming the allegation.

Reporting by third parties

7.8 LBI should ensure that all external parties including the general public are made aware of the means available in reporting suspicions of fraud to Land Bank as well as other regulatory authorities.

False allegations

7.9 It is the responsibility of all supervisors and managers to discourage false allegations that are made with malicious intent by employees. In instances where such allegations are proven to be untrue and malicious or vexatious, the person who made the allegations shall be subjected to firm disciplinary or other action.

7.10 It is a violation of the Land Bank Insurance Code of Ethics and Business Conduct when employees knowingly make false accusations, lie to investigators, or interfere or refuse to cooperate with investigations. Employees must not knowingly make untrue or misleading statements concerning an allegation of improper conduct by an employee to authorities.

7.11 Employees must not make any vexatious complaints about another person (i.e. other employees, clients, service providers, etc.) If it is found that the allegations made are false or vexatious, then that employee should be subjected to the disciplinary process.

8. HOW WILL ALLEGATIONS OF FRAUD BE DEALT WITH

Receiving allegations

8.1 The Chief Audit Executive and Head of Risk, as per section 3B of the Amended PDA:

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- Will decide whether to investigate the matter or not;
- Or refer the disclosure to another person or body if the disclosure could be investigated or dealt with more appropriately by that other person or body;
- In writing, acknowledge receipt of the disclosure by informing the employee of the decision:
 - To investigate the matter, and where possible the time frame within which the investigation will be completed;
 - Not to investigate the matter and the reasons for such a decision; or
 - To refer the disclosure to another person or body.

8.2 The Chief Audit Executive and Head of Risk will impartially assess each disclosure and determine the appropriate action to take, such as:

- No action/decline to investigate;
- Allocate responsibility for dealing with the disclosure to an appropriate person;
- A preliminary or informal investigation;
- A formal investigation;
- Recommend a disciplinary process; and
- Refer the matter to an Investigating Authority for investigation or other appropriate action.

8.3 Where the Chief Audit Executive or Head of Risk has been implicated the decision whether to investigate will be that of the Chairperson of the Audit and Risk Committee.

8.4 Details on how LBI will approach investigations are outlined in the Forensic Investigation Methodology and illustrated in the Fraud Prevention Policy.

Whistleblower reports

8.5 The Chief Audit Executive will handle the Whistleblower reports and is responsible for notifying the Whistleblower of the action taken or proposed action to be taken after the completion of the investigation.

Where the Chief Audit Executive or Head of Risk was

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implicated in the report, or where the investigation was conducted by another person or body, the feedback will be presented to the whistleblower through that person or body.

Confidentiality of reported and investigated matters

- 8.6 LBI shall keep all matters reported and investigated strictly confidential. This includes ensuring that all information gathered during the reporting and investigation of these matters is stored in secure locations and with the required access privileges to ensure that the information is properly safeguarded.
- 8.7 The amount of contact between the body investigating the issues and the persons raising the concern will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information will be sought from the individual.
- 8.8 The progress made with investigations shall be handled in a confidential manner and shall not be disclosed or discussed with any persons who have no legitimate claim to such information. This is important in order to avoid damaging the reputation of a suspected person who is subsequently found to be innocent of wrongful conduct.

9. NOTIFICATION OF ACTION TAKEN OR PROPOSED

- 9.1 If an employee makes a protected disclosure they must be notified of the action taken or proposed to be taken after the completion of the investigation.
- 9.2 The Chief Audit Executive and Head of Risk shall communicate to the Whistleblower the manner in which reported incidents have been dealt with. Subject to legal constraints, information about the outcome of any investigation may be disseminated on a "need-to-know" basis.

10. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

10.1 In respect of all reported incidents of fraud, management is required to immediately review, and, where possible, improve the effectiveness of the controls that have been breached to prevent similar irregularities from occurring.

11. CREATING AWARENESS AND TRAINING

11.1 All managers must ensure that all employees are made aware of and receive appropriate training and education concerning this policy.

11.2 Regarding the Fraud Prevention Strategy, the Land Bank Insurance will facilitate bi-annual fraud awareness training for its employees and other stakeholders.

12. RELEVANT LEGISLATION

12.1 Protected Disclosures Act, No 26 of 2000.

12.2 Criminal Procedure Act, No 51 of 1977

12.3 Prevention of Organised Crime Act 121 of 1998

12.4 Prevention and Combating of Corrupt Activities Act, 12 Of 2004;

12.5 South African Police Service Act 68 of 1995.

13. ADMINISTRATION

13.1 The custodian of this policy is the Managing Director, who is supported in its implementation by all managers of the LBI.

13.2 The Head of Risk is responsible for administrating, revising, and interpreting this policy. This policy will be reviewed annually, and appropriate changes will be made should these be required.

14. APPROVAL OF THE POLICY

The Whistle Blowing Policy was recommended by the respective committees and approved

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by the Board on the date mentioned on the 1st page of the policy.

