

LegalWise Fraud Policy



LegalWise has adopted a Fraud Policy setting out the companies position regarding fraudulent activity and the reporting thereof. LegalWise has opted to be a responsible Corporate Citizen and to pro actively contribute to the fight against fraud and corruption. All LegalWise staff (permanent employees, temporary employees, contract employees, independent contractors and agents) are required to comply with this policy.

LegalWise requires all employees to act honestly and with integrity at all times, in line with the Company's value system, and to safeguard the company's resources, tangible and intangible assets,

LegalWise does not tolerate any fraud, theft, corruption or any associated internal irregularities.

LegalWise will take appropriate action against employees that are involved in, or assist with committing fraud, theft, corruption or associated internal irregularities. The Company will actively seek appropriate recourse against employees involved in such acts.

Failure by any employee of LegalWise to comply with this policy could result in disciplinary action in terms of the Disciplinary Code. Without detracting from the general nature of this statement, misconduct involving fraud, theft or corruption is specifically listed as a dismissible offence in LegalWise.

2. Purpose

The purpose of this policy is to:

- Create a climate for the prevention and detection of fraud, theft, corruption or associated internal irregularity.
- Outline the key roles and responsibilities in respect of control implementation, identification, investigation and reporting of these irregularities.
- Provide an outline as to what constitutes fraud, theft, corruption, or associated internal irregularities, to outline the Companies response to these.
- To detail the procedures to be followed in order to report such incidents that are suspected or discovered.

3. Scope

This policy applies to all employees, permanent, temporary, contracted, independent contractors or agents of LegalWise.

4. Definitions

LegalWise's definition of fraud, theft and corruption may vary depending on the legal statutes of the various countries in which LegalWise operates.

Fraud is defined according to the common law of South Africa, and is summarized for ease of reference as:

"Any unlawful act or omission by which a misrepresentation is made with the intention to defraud which causes actual prejudice or which is potentially prejudicial to another, whether or not there is personal benefit to the perpetrator."

Theft is defined according to the common law of South Africa, and is summarized for ease of reference as:

"The unlawful misappropriation of movable property or money with the intention to steal."

Corruption is defined according to the Corruption Act, No 94 of 1992 of South Africa, as amended, and in summary prohibits:

"The abuse of a position of employment by; the offering or acceptance of the benefit that is not legally due, for the commission of an act in connection with that position of employment."

An associated internal irregularity is defined for the purposes of this policy as:

"Any act or omission of a material nature that may lead to the diminishing of shareholder value, where the act or omission is committed within the framework of the employee's:

- General duty to act in the best interest of the employer;
- Employment contract;
- Job description;
- Performance contractor KPA; and
- The existing policy framework of LegalWise.

These definitions is not intended to create a separate substantive basis on which LegalWise will take appropriate legal action, but rather serves to define suspected acts or omissions that should be reported to the Group Internal Audit, Risk and Compliance function.

The inclusion of the above definitions is merely for ease of reference and is not intended to be an exhaustive list of criminal offences or contraventions, on which LegalWise will take appropriate legal action, nor comprehensive legal definitions of those offences or contraventions. LegalWise reserves the right to take whatever legal action it deems necessary to protect its interests in terms of the Disciplinary Code or the established contractual relationships.

Fraud, theft, corruption or associated internal irregularities can be perpetrated either internally by persons within the employment of the Company, or by temporary staff, independent contractors, employees of services providers, policy holders, claimants, attorneys, intermediaries or other external third parties.

5. Responsibilities

Management and Supervisors throughout LegalWise are responsible for ensuring that control frameworks, which assist with the prevention, detection and investigation of possible fraud, theft, corruption or associated internal irregularities, are in place and operating effectively. Management and employees should be alert to the possibility that unusual events or transactions could be symptoms of an actual or attempted act of fraud, theft, corruption or associated internal irregularity.

Management is responsible for ensuring that all employees are made aware of the LegalWise Fraud Policy. Employees in turn have a responsibility to familiarize themselves with the contents of this policy.

Any employee who is unclear as to what may constitute an act of fraud, theft, corruption or associated internal irregularity, should seek further guidance from any of the General Managers or the staff in the Group Internal Audit, Risk and Compliance function.

a. Reporting

All employees have a general duty to act in the best interest of their employer. Any suspected or identified act of fraud, theft, corruption or associated internal irregularity should therefore be reported directly to any manager in LegalWise or alternatively the Group Risk and Compliance Manager or any of the employees of the Group Internal Audit, Risk and Compliance function so that an independent and objective investigation can be conducted.

LegalWise respects the right of an individual to retain their anonymity when reporting fraud, theft, corruption or associated internal irregularity. Individuals may make use of the Whistle blowing/ Anonymous Reporting Hotline. (Refer Whistle blowing policy).

The operation of the anonymous hotline is outsourced to an external service provider who sanitizes the information to remove all traces that may identify the person making the report before forwarding the information to the Group Risk and Compliance Manager.

Employees (as defined in the Protected Disclosures Act, No 26 of 2000 as amended), who report suspected fraud, theft, corruption or associated internal irregularity, further have the protection of the provision of this Act.

For the purposes of the Protected Disclosures Act the definition:

"Employee means:

- Any person, excluding an independent, who works for another person or the State and who receives, or is entitled to receive, any remuneration; and
- Any other person who in any manner assists in carrying on or conducting the business of the employer."

In essence, the Protected Disclosures Act protects an employee against dismissal or occupational prejudice where a disclosure has been made to his or her employer in good faith, and in accordance with a procedure prescribed by the employer that meets the requirements of this Act. A copy of this legislation is available from the information centre.

b. Investigations

LegalWise is committed to investigating all fraud, theft, corruption or associated internal irregularity discovered or suspected in an independent and objective manner.

The Group Internal Audit, Risk and Compliance function in conjunction with senior management/ executive management will determine the scope and priority of these investigations, depending on the size, nature and complexity of the matter reported. Group Internal Audit, Risk and Compliance in conjunction with senior management will determine who will be responsible for investigating these allegations.

In instances where fraud, theft, corruption or associated internal irregularity are reported or suspected by line management, line management should conduct initial enquiries insofar as it is necessary to form a reasonable suspicion that such an incident has occurred before reporting the matter

directly to the Group Internal Audit, Risk and Compliance function.

Investigations and the gathering of evidence will be conducted in compliance with the laws in South Africa.

Employees may be requested to assist with the investigations in accordance with their general obligation to act in the best interest of the employer.

c. Suspensions

Any person who is under investigation for suspected fraud, theft, corruption or associated internal irregularity, may be suspended, pending the outcome of the investigation. The person responsible to issue the suspension form must inform the Group Internal Audit, Risk and Compliance function immediately when a decision to suspend an employee has been taken.

d. Interaction with law enforcement

Group Internal Audit, Risk and Compliance in conjunction with the Managing Director in LegalWise will take responsibility for coordinating the reporting of all alleged fraud, theft, corruption or offences involving an element of dishonesty to the relevant law informant agencies.

6. Confidentiality

All information reported to the Group Internal Audit, Risk and Compliance function and senior management will be considered confidential, and will not be disclosed or discussed with any other individual, other than for the purpose of conducting the investigation, reporting to the appropriate authorities, and taking the appropriate disciplinary or legal action.

In instances where an individual wishes to remain anonymous, his or her identity will not be disclosed to anyone without their prior written consent.

Any individual who reports or provides information as part of an investigation must maintain the confidentiality of that information, and of the investigation.

7. Other matters to be reported

Any employee charged with a criminal offence involving an element of dishonesty relating to any act or omission, should also report such facts to the Group Internal Audit, Risk and Compliance department or senior management, so that adequate steps can be taken to minimize the risks to the company.

8. Fraud reporting mechanisms/ contacts

The following methods of reporting as discussed in the Whistle blowing policy are available to the employees:

- Reporting of the fraud, theft, corruption or associated internal irregularity to your immediate supervisor or if you feel uncomfortable with this report to the GM, COO, MD.
 - Report the fraud, theft, corruption or associated internal irregularity to the Group Risk and Compliance Manager (011) 670-4509.
 - Contact the anonymous Fraud line on 0860 002526.
The free post address is: Free Post, KZN 138, Umhlanga Rocks, 4320
 - The toll free fax number is: 0800 00 77 88
 - The SMS short code is: 32840
 - E-mail address – insurance@fraudline.co.za
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