

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT (SCM)

1. INTRODUCTION AND APPLICATION

In accordance with the Framework for Supply Chain Management (Section 76(4) (c) of the PFMA) that was promulgated in Government Gazette Number 25767 on 5 December 2003 as Treasury Regulations, the FAIS Ombud is required to issue a Code of Conduct that should be adhered to by all employees and other role players involved in supply chain management.

Supply Chain Management is a particularly sensitive function in an organisation with regard to temptations for self-enrichment that employees are exposed to. Opportunity for error exists in the application of individual judgment to ethical questions that may arise.

All transactions conducted by the SCM unit should be recorded and accounted for in an appropriate accounting system with the necessary controls to monitor all documentation, procedures and supplier data base.

Employees should read this document in conjunction with the Code of Ethics of the FAIS Ombud and if the case of any uncertainty, the Code of Ethics will prevail. Contravention of this Code of Conduct should be dealt with consistently in terms of the FAIS Ombud's Disciplinary Code, so that compliance is enforced when necessary.

The SCM unit is required to take necessary measures with respect to suppliers to ensure that:

- All suppliers are made aware of, and accept this Code of Conduct for employees with SCM responsibilities;
- Failure of suppliers to adhere to the principles of these business ethics and guidelines may lead to several actions including cancellation of contract and removal from the FAIS Ombud supplier database.

2. CONFLICT OF INTEREST

2.1 Definition

Conflict of interest exists when an employee has a direct or indirect personal interest that could be seen to have the potential to interfere with their objectivity in performing their duties or judgment on behalf of the FAIS Ombud. Employees involved in any SCM functions, should declare all actual or potential conflicts of interest as soon as they become aware of it. This declaration should be in writing and be approved by the Ombud.

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2.2 Elements of Conflict of Interest

Activities that could be perceived to constitute a conflict of interest include, amongst others, but not limited to:

- Accepting or soliciting a bribe;
- Dealing directly or indirectly, with or through a spouse or family member who is a supplier, vendor, customer or competitor or is employed by any of the above;
- Activities that can affect the employee's objectivity and work performance;
- Activities that could reflect negatively on the reputation of the FAIS Ombud and its employees;
- Participating in any activity that might lead to the disclosure of the FAIS Ombud protected information ; and
- Outside work for suppliers, vendors or their competitors;
- Holding a direct or indirect financial interest in a supplier or vendor which supplies good or services to the FAIS Ombud;

3. ACCEPTING BUSINESS COURTESIES

3.1 Definition

Business courtesies are personal gifts, favours and hospitality, which might, or might be deemed by others to impinge upon the employee's sound business judgment. Employees who are responsible to award or could influence the allocation of business, create specifications that result in the placement of business, or participate in the negotiation of contracts or concessions, are particularly vulnerable to criticism relating to business courtesies.

3.2 Unacceptable Courtesies

The following courtesies may not be accepted by employees dealing with procurement matters where their acceptance might be interpreted as having the potential to influence their judgement:

- The acceptance of gratuities (tips) in the form of money for undue personal advantage or for the performance of special privileges.
- Gifts of money, gift vouchers or goods, including the sale of materials or services at artificially low prices that are not available to the public.
- Extension of hospitality such as holiday accommodation or trips paid for by suppliers, vendors or their competitors.
- A courtesy through which an attempt is being made to persuade an employee to do something that is prohibited by law, regulations or the FAIS Ombud policy;
- A courtesy through which an attempt is made to gain an unfair competitive advantage by influencing the employee's discretionary decisions, or obtaining information useful to the supplier;

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3.3 Acceptable Courtesies

No gifts and hospitality may be accepted.

Employees or their immediate family may not accept money, vouchers or non-promotional items from suppliers or potential suppliers. If received, it should be returned. Gifts that are delivered to the office that can be used by all staff members, may be accepted.

3.4 Disclosure of Business Courtesies

A register should be kept for all courtesies with a value of more than R350, accepted by employees. This register is a control mechanism to ensure all courtesies are recorded and to provide transparency and employee protection and shall be open for inspection

4. CONFIDENTIALITY OF INFORMATION

Any information that is the property of the FAIS Ombud or its suppliers should be protected at all times. No information regarding any quotation, bid, bidder, contract or contractor may be revealed if such an action will infringe on the relevant supplier, contractor or bidder's personal rights.

Information provided by suppliers is proprietary to that supplier and may not be disclosed to any other person or supplier under any circumstances, unless legislation, the performance of duty or the provisions of law requires otherwise. . Such restrictions should also apply after separation of service.

5. FAIR TREATMENT OF SUPPLIERS

Purchase contracting must be done on the basis of quality, service, price and availability and past performance (if appropriate). All approved suppliers and contractors should have an opportunity to compete for the FAIS Ombud's business.

The SCM employees should be AS open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

While considering the advantages to the employee's principle of maintaining a continuing relationship with a supplier or contractor, any arrangement which might in the long term prevent the effective operation of fair competition, should be avoided. An employee shall report any instances of bribery or attempted bribery by suppliers to the Finance Manager.

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5.1 Combative practices.

Combative practices are unethical and illegal and should be avoided. They include but are not limited to:

- Price manipulation by the supplier or FAIS Ombud official.
- Restrictive specifications to favour only a certain supplier.
- Disqualification due to small immaterial mistakes on the bid/quotation documents.
- Requesting bids/quotations from non bona fide suppliers or those on the list of restricted suppliers.
- Suggestions to fictitious lower quotations.

5.2 Reporting of Unethical Conduct

Any unethical conduct relating to procurement by employees or suppliers should be reported to the Finance Manager for action.

Accepted by:

Name: _____

Date: _____

On behalf of (Company name): _____

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