



NAMIBIA POWER CORPORATION

FRAUD PREVENTION AND RESPONSE POLICY

SEPTEMBER 2008

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EFFECTIVE DATE

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TERMS AND ABBREVIATIONS

Throughout this document, unless otherwise stated, the terms below shall bear the following meanings:

“Anti-Corruption Act”

Namibia Anti-Corruption Act No 8 of 2003

“Audit Committee”

NamPower Audit and Risk Management Committee

“Board”

Board of Directors of NamPower

“NamPower”

Namibia Power Corporation (Pty) Ltd

“Code”

NamPower Code of Conduct

“Offences involving dishonesty”

Include, but are not limited to the following:

Legal definitions:

- *Fraud*
Is the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another.
- *Theft*
Consists in the unlawful and intentional appropriation of another’s movable corporeal property, or of such property belonging to the perpetrator himself but in respect of which somebody else has a particular right of possession.
- *Forgery*
Forgery is committed by unlawfully making a false document with intent to defraud to the actual or potential prejudice of another.
- *Uttering*
Is the act of offering a forged document to another when the offerer has knowledge that the document is forged.
- *Bribery*¹
It is convenient to separate the definition of this crime into two parts, and to define first the crime committed by the briber, and secondly the crime committed by the bribee.
 - Active bribery consists in unlawfully and intentionally giving, agreeing to give or offering to give to a state official any consideration in return for either future or past action or inaction by that state official in an official capacity.
 - Passive bribery, on the other hand, is committed when a state official unlawfully and intentionally receives or agrees to receive any consideration in return for future or past action or inaction in his official capacity.

1: Although the legal definition of bribery only refers to state officials, for purposes of this policy NamPower employees involved in such activities would commit a statutory offence that would fall foul of the provisions of the Anti-Corruption Act.

- *Corruption*

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Corruption involves behaviour on the part of persons in which they improperly enrich themselves or those close to them through misusing the power entrusted to them, in short, misusing public power for personal gain. Corrupt offences as defined in the Anti-Corruption Act, 2003, are the following:

- Offence of corruptly accepting gratification;
- Offence of corruptly giving gratification;
- Corruptly accepting gratification by or giving gratification to an agent;
- Corrupt acquisition of private interest by public officer;
- Corruption in relation to tenders;
- Bribery of public officer;
- Corruption of witnesses;
- Bribery of foreign public officials;
- Bribery in relation to auctions;
- Bribery for giving assistance in relation to contracts;
- Corruptly using office or position for gratification;
- Corruption in relation to sporting events;
- Dealing with, using, holding, receiving or concealing gratification in relation to any offence;
- Attempts and conspiracies;
- Fraudulent concealment of office; and
- Failures to report corrupt transactions.

“The Plan”

NamPower Fraud Prevention Plan

“The Policy”

NamPower Fraud Prevention and Response Policy

“MD”

Managing Director of NamPower

“Managers”

Managing Director, Chief Operating Officer, General Managers, Senior Managers, Middle Managers, Team Leaders.

“EXCO”

NamPower Executive Committee

“Stakeholder”

Any person and / or entity impacted by any operations of NamPower

“Supervisor”

Section Supervisor

“Disciplinary Code”

NamPower disciplinary code and procedure

THE FRAUD PREVENTION AND RESPONSE POLICY

INTRODUCTION

- 1.1. This policy sets out NamPower's position on offences involving dishonesty and reinforces existing systems, policies and procedures aimed at deterring, preventing, reacting to and reducing the impact of offences involving dishonesty. The Plan will provide an overview of NamPower's approach to the prevention and detection of offences involving dishonesty.
- 1.2. NamPower requires all employees at all times to act honestly and with integrity to safeguard the resources and reputation of NamPower.
- 1.3. The Plan aims to implement proactive processes in dealing with offences involving dishonesty. Although the focus of the Plan is on fraud prevention and detection, the Plan also deals with procedures for reporting and investigation of offences involving dishonesty.
- 1.4. The implementation of the Policy will be supported by the Plan which addresses the following main principles:
 - Creating a culture which is ethical and intolerant to offences involving dishonesty;
 - Deterring instances of offences involving dishonesty;
 - Preventing offences involving dishonesty which cannot be deterred;
 - Detection of offences involving dishonesty;
 - Creating a culture of reporting offences involving dishonesty and protection of whistle-blowers;
 - Investigating detected offences involving dishonesty;
 - Taking appropriate action in the event of offences involving dishonesty, e.g. disciplinary action, recovery of losses, prosecution, etc as well as remedial steps to avoid future fraudulent cases; and
 - Applying sanctions, that includes blacklisting and prohibition from further employment.
- 1.5. All Board members, employees, management, trading partners and customers of NamPower must comply with the spirit and content of the Plan.
- 1.6. The Plan is dynamic and it will continuously evolve as NamPower makes changes and improvements in its drive to promote ethics, as well as to fight offences involving dishonesty.

Policy Stance

- 1.7. The policy of NamPower is zero tolerance to offences involving dishonesty.
- 1.8. NamPower is committed to the highest standards of corporate governance, including offences involving dishonesty risk management. NamPower will implement appropriate prevention and detection controls.

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- 1.9. All suspected incidents of offences involving dishonesty will be investigated and followed up by the application of all remedies available within the full extend of the law, to the extent that it is practical and cost effective.
- 1.10. This policy compliments the Code and should be read in conjunction with the Code in all instances where unethical behaviour of employees and / or directors is identified. Behaviour of employees and / or directors that is contravening the Code or this policy and is regarded as offences involving dishonesty will be dealt with in terms of resolution procedures identified in the plan.

What an employee should do if he / she suspects offences involving dishonesty

- 1.11. It is the responsibility of all employees to immediately report all allegations or incidents of offences involving dishonesty to their immediate line manager.
- 1.12. Should an employee not be comfortable with the aforementioned reporting channel, they may report directly to the MD, the Senior Manager: Internal Audit, Chief Security Officer, the Risk Management Committee and / or the Chairperson of the Audit Committee.
- 1.13. Those in managerial positions are ultimately responsible for the detection, prevention and investigation of offences involving dishonesty and must report all incidents and allegations of offences involving dishonesty to the Senior Manager: Internal Audit, Industrial Relations Manager and the General Manager Corporate Services. The Senior Manager: Internal Audit will report to the Risk Management Committee and the Audit Committee.
- 1.14. Should employees wish to report allegations of offences involving dishonesty anonymously, they can contact any member of management, the Senior Manager: Internal Audit, the Risk Management Committee, the Chairperson of the Audit Committee and/or the Chairperson of the Board of Directors.
- 1.15. Although anonymous reports will be accepted, it is easier to pursue allegations of offences involving dishonesty where whistle-blowers are known.

What stakeholders, other than employees, should do if they suspect offences involving dishonesty.

- 1.16. NamPower encourages all stakeholders, other than employees, who suspect offences involving dishonesty to contact any member of management.

Dealing with allegations of offences involving dishonesty

- 1.17. For issues raised by any stakeholder, the action taken will depend on the nature of the allegation. The matters raised will be screened and evaluated and may subsequently:
- Be investigated internally;
 - Sourced to an external service provider, if and when required for more complex cases; and / or
 - Be referred to another law enforcement agency, e.g. the Anti Corruption Commission.

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- 1.18. Any offences involving dishonesty committed by an employee or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:
- In case of employees, taking disciplinary action within a reasonable period of time after the incident in terms of the disciplinary code;
 - Instituting civil action to recover losses;
 - Initiating criminal prosecution by reporting the matter to the Police or any other relevant law enforcement agency; and
 - Any other appropriate and legal remedy available.
- 1.19. If the investigation substantiates that offences involving dishonesty activities have occurred, Internal Audit will prepare and submit reports detailing their findings to the Audit Committee.
- 1.20. The reports submitted to the Audit Committee should make reference to, *inter alia*, the following:
- Background as to how the investigation arose;
 - What action was taken in response to the allegations;
 - The conduct of the investigation;
 - The facts that came to light and the evidence in support thereof;
 - Action taken against any party where the allegations were proved (disciplinary action, reporting the matter to the Police or any other relevant law enforcement agency);
 - Action taken to recover any losses (institution of civil remedies); and
 - Action taken by management to reduce further exposure and re-occurrence.

Recovery of Losses

- 1.21. Managers should assist in ensuring that losses or damages suffered by NamPower as a result of all reported acts committed or omitted by an employee, customer, business partner or any other person are recovered from such person if he or she is found to be liable for such losses. The decision to recover shall be taken by the Audit Committee in consultation with the legal advisor and the corporate services business unit. This decision must take cognisance of the costs involved in the recovery process.

Feedback to reporters of offences involving dishonesty

- 1.22. The MD, Manager: Corporate Communication, Internal Audit or Audit Committee will, upon receiving a report of offences involving dishonesty from an external person, write to the person making the report:
- Acknowledging that the allegation has been received;
 - Indicating how they propose to deal with the matter and whether any initial enquiries have been made;
 - Giving an estimate of how long it will take to provide a final response; and
 - Informing them whether any further investigations will take place or not.

Confidentiality

- 1.23. All information relating to offences involving dishonesty will be treated confidentially.
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- 1.24. The progress of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information on a “need to know basis”. This is important in order to avoid harming the reputation of suspected persons who are subsequently found innocent of wrongful conduct.

Media

- 1.25. No person is authorised to supply any information with regard to allegations or incidents of offences involving dishonesty to the media without the express written permission of the MD or the Audit Committee.

Publication of sanctions

- 1.26. The MD and / or the Audit Committee will decide whether any information relating to corrective actions taken or sanctions imposed, regarding incidents of offences involving dishonesty, should be brought to the attention of any person or made public through any other means.

Protection of whistle-blowers

- 1.29 Any stakeholder who reports suspected offences involving dishonesty may remain anonymous should he / she so desire. Allegations submitted anonymously are difficult to investigate; nevertheless, they will be followed up at the discretion of EXCO. This discretion will be applied by taking into account the following:
- the seriousness of the issue raised;
 - the credibility of the allegation; and
 - the likelihood of confirming the allegation.
- 1.30 No person will suffer any penalty or retribution for reporting in good faith any suspected or actual incident of offences involving dishonesty which occurred within NamPower.
- ***Harassment or victimisation:*** NamPower acknowledges that the decision to report an allegation can be a difficult one to make, not least because of fear of reprisal from those responsible for the irregularity. NamPower will not tolerate harassment or victimisation and will take action to protect any employee when they submit an allegation in good faith. This does not mean that if a stakeholder is already the subject of disciplinary or other action, that action will be halted as a result of their whistle-blowing.

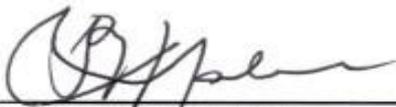
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- **Confidentiality of identity:** NamPower will endeavour to protect an individual's identity when he / she submit an allegation and does not want his / her identity to be disclosed.
- 1.31 Managers will discourage employees or other individuals from making allegations, which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary, or other appropriate action.

Monitoring

- 1.32 The custodian of this policy is the MD who is supported in its implementation by all managers of NamPower.
- 1.33 The Senior Manager: Internal Audit is responsible for the administration, revision and interpretation of this policy. This policy will be reviewed annually and appropriate changes applied should these be required.

ADOPTION



Managing Director

NamPower



Chairperson of the Audit Committee

NamPower