

# ETHICS STATEMENT AND CODE OF CONDUCT

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C O N D U C T



**CSIR**  
Touching lives through innovation

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# 1. BRIBERY

The Council for Scientific and Industrial Research (CSIR) has a zero-tolerance policy on bribery. As a CSIR employee, you cannot accept or offer bribes, regardless of whether the recipient or briber is a public or private figure, or whether you pay directly or through a third party.

**A bribe is something one gives, or money paid (or offers to give or pay) to another person to dishonestly persuade or induce that person to act or not to act in a way that is favourable or beneficial to one.**

Paying or receiving a bribe can place the CSIR and you in a serious criminal situation and cause irreparable harm to the CSIR's reputation. Bribery is, therefore, a risky business and will not help us grow our business, but rather, it will kill it.

## THEREFORE,

- ❌ **DO NOT** pay or ask for a bribe under any circumstances;
- ❌ **DO NOT** accept a bribe under any circumstances; and
- ✅ **DO** contact Manager: Compliance at Legal and Compliance Services if you are offered or asked to pay a bribe or suspect that a colleague or a stakeholder with whom we are contractually collaborating is paying bribes.

Bribery can take many forms. It is important that we are all aware of the potential risks in our industry and markets.

**DO NOT**, under any circumstances, pay or give a bribe to:

- disqualify a competitor or manipulate specifications to favour the CSIR;
- influence a client or customer to select the CSIR as a supplier;
- encourage government and other authorities to approve or register a CSIR process or give any decision in favour of the CSIR; and
- conceal fatalities, accidents or health, safety and environment problems.

Likewise, you **CANNOT**:

- accept any payment, service, or gift from a supplier for yourself, for a close relative or for a friend, in return for selecting that supplier on behalf of the CSIR; and
- disqualify any supplier based on other supplier's payments or services to you.



## 2. FACILITATION PAYMENTS

**Facilitation payments are small payments or gifts paid to perform or speed up a routine process that you are already legally and lawfully entitled to; for example, getting goods through customs or applying for a work permit or applying for an import/export license/contracting permit.**

A CSIR employee cannot make such payments. If you are faced with a demand for a facilitation payment, you must firmly refuse. If the demand persists, you should ask to speak to the superior. However, if the demand for payment is coerced from you by using threats of physical harm or where your liberty is at risk, you should pay and then immediately:

- a.) report the payment to the compliance manager; and
- b.) discuss what to do next time with the compliance manager.

There may be times when a facilitation payment is not asked for, but tacitly expected, when you are in doubt whether it is a facilitation payment or a legal express or expedited or fast-track service. In such situations, you must always escalate the matter to your line manager or to the compliance manager.

You are allowed to pay for express, expedited or fast-track services provided they are legal and transparent. If you are in doubt that the express or fast-track service is legal, contact the compliance manager.

### Please take note of the following:

- ❌ **DO NOT** pay facilitation fees, unless you feel a threat to your person and liberty;
- ✅ **DO** report to the compliance manager if, for some reason, you could not avoid paying the facilitation fees; and
- ✅ **DO** pay for legal and transparent administrative fees, express, expedited or fast-track services.



### 3. DINNERS AND ENTERTAINMENT

Client or customer intimacy and collaboration is a core element of the CSIR EPIC values and business strategy, and the CSIR encourages you to establish a close relationship with clients, customers and business partners. Every now and then you may need to engage in a more informal way. It is OK to go to a sports event or game or to dinner, provided that the entertainment is reasonable.

#### That means:

- The location must be convenient i.e., at or close to the initial location you met at for business purposes;
- A normal venue or location; one that is not an over-the-top-business-class, but one that allows for relevant business interaction;
- Total expenditure is not excessive;
- Prior written consent of the line manager must be sought; and
- Acceptance of any invitation of hospitality or entertainment must be declared on the CSIR Gift Declaration portal available at: [http://intraweb.csir.co.za/legal\\_compliance/gift\\_register\\_form\\_xp.php](http://intraweb.csir.co.za/legal_compliance/gift_register_form_xp.php)

What is considered reasonable and/or excessive may differ from place to place and from person to person. The venue should not be an attraction in itself, such as a cruise ship or a fancy exclusive restaurant.

Note that in some countries, it may be illegal to invite government officials for dinner.

If you are in doubt, please ask your line manager or immediately contact the compliance manager.

#### Please take note of the following:

- ✔ **DO** dine with customers or clients or business partners at appropriate restaurants as and when needed;
- ✔ **DO** socialise with customers, clients or business partners at appropriate venues and events, such as golf, rugby, soccer, fishing and so forth;
- ✘ **DO NOT** take or dine with customers, clients or business partners at extravagant venues and events.



## 4. GIFTS

Giving and accepting gifts is a normal and legitimate part of doing business. The gift-giving culture differs a lot in different countries and communities.

The CSIR's gift policy is as follows:

- The solicitation of gifts is strictly forbidden;
- Only give gifts openly and in the name of the CSIR;
- Do not give or accept cash or cash equivalents, e.g., gift vouchers;
- Only give and accept token or symbolic gifts that are valued within the prescribed limit of R750 and are never construed as expensive and extravagant gifts;
- Do not give or accept gifts if something is expected in return based on the position you hold within the CSIR; and
- Acceptance and denial of any invitation of hospitality, entertainment or gifts of whatever value and for whatever legitimate reason must be declared on the CSIR Gift Declaration portal available at: [http://intraweb.csir.co.za/legal\\_compliance/gift\\_register\\_form\\_xp.php](http://intraweb.csir.co.za/legal_compliance/gift_register_form_xp.php)

### Please take note of the following:

- ✓ **DO** give and accept token, symbolic or promotional gifts e.g., branded pens, T-shirts, caps, coasters and so forth; and
- ✗ **DO NOT** give or accept expensive or extravagant gifts such as watches, bracelets, wines and so forth, or cash or cash equivalents such as gift vouchers and so forth.



## 5. FRAUD

Excellent project sales figures, on-target research outputs, qualifications or titles are no excuses for committing fraud. Whether big or small, the CSIR does not tolerate any fraudulent activities.

Fraud is dishonest, wrongful and a criminal deception intended to result in financial or personal gain for the perpetrator and results in financial and reputational loss or damage for the victim.

These are a few examples of fraudulent activities:

- Theft and embezzlement of CSIR property e.g., stealing office equipment, the unauthorised transfer of funds or equipment, unauthorised alteration of company information with the aim to deceive or divert funds or other advantage or benefit due to the company, presentation of falsified qualifications and so forth;
- Collusion with suppliers or service providers, e.g., falsely allowing suppliers to overprice for a service or goods in return for a kickback or inappropriate sharing of inside information with a service provider to give them an unfair advantage in a bidding process in return for something;
- Fraudulent expense claims, e.g., travel expenses or claiming private expenses to the CSIR;
- The misuse of CSIR property; and
- Wrongful manipulation of the company's financial records or falsifying legal documents.

Fraud is dishonest, unethical conduct that is totally contrary to the CSIR's EPIC values and culture. Potential criminal cases of fraud will be handed over to the police, over and above being disciplinable internally.

### Please take note of the following:

- ❌ **DO NOT** commit or participate in any kind of fraud;
- ✅ **DO** speak up if you encounter fraud, or have a reasonable suspicion that fraud is likely to occur, is being committed or has been committed. Reports can be made to your line manager, the head of the business division or the compliance manager; and
- ✅ **DO** make anonymous calls or reports to the third-party managed whistleblower hotline on: Telephone: 0800 222 584; email: [csir@tip-offs.com](mailto:csir@tip-offs.com); fax: 0800 00 77 88; website: [csir@tip-offs.com](http://csir@tip-offs.com) or snail mail: Deloitte Whistle Blowing Services, KwaZulu-Natal 138, Umhlanga Rocks, 4320.





## 6. CONFLICT OF INTEREST

As an employee of the CSIR, you must ensure that your personal activities and interests do not conflict with your responsibilities to the CSIR. It is important that even the appearance of a conflict of interest is avoided. If you think that you could be in a conflict-of-interest situation, you should immediately seek advice from your line manager or a human resources (HR) representative.

Personal conflict of interest arises when:

- CSIR employees work for competitors; and
- CSIR employees become suppliers to the CSIR.

You need to declare any employment outside the CSIR in the prescribed forms and get approval from your line manager.

Employment of relatives creates a potential conflict of interest when:

- there exists a direct reporting line between close relatives;
- hiring is not done in an open and competitive basis; and
- there exists no clear responsibilities or there is an arbitrary overlap of responsibilities between the hiring manager and the approving manager where the approving manager seeks to influence a hiring decision.

Business with relatives:

- is only possible in exceptional circumstances; and
- requires the approval of the relevant group executive.

Please take note of the following:

- ✔ **DO** always act in the best interests of the CSIR in an honest, fair, transparent and objective manner;
- ✔ **DO** consult your line manager or HR representative if you are in a conflict-of-interest situation or are unsure whether you are; and
- ✘ **DO NOT** employ or do business with relatives without written approval.





## 7. DONATIONS

The CSIR may occasionally provide donations to charities or local communities. However, you need to be certain that the organisation you support indeed conducts legitimate charity work. The support provided should be aligned and endorsed by the CSIR 's corporate social responsibility function.

Three rules apply:

- You must verify that the organisation and/or project owner that you support conducts legitimate charity;
- Document the agreement on the donation and the CSIR's part of the donation; and
- Existence of prior written approval from the group executive of your business unit.

### Please take note of the following:

- ✔ **DO** support legitimate courses and charities;
- ✔ **DO** verify that the cause or charity you support conducts legitimate work;
- ✔ **DO** get prior written approval from your group executive; and
- ✘ **DO NOT** provide political donations.



## 8. THIRD PARTIES

We work with third parties or collaborators such as agents and business partners on many projects and at times in other jurisdictions and markets. In such agreements, the CSIR will be held responsible if a third party breaks the law when engaged in business for which he or she is contracted to or with the CSIR. In this regard, third parties must follow the same Ethics Statement and Code of Conduct rules as the CSIR employees.

The general rules regarding CSIR third parties are:

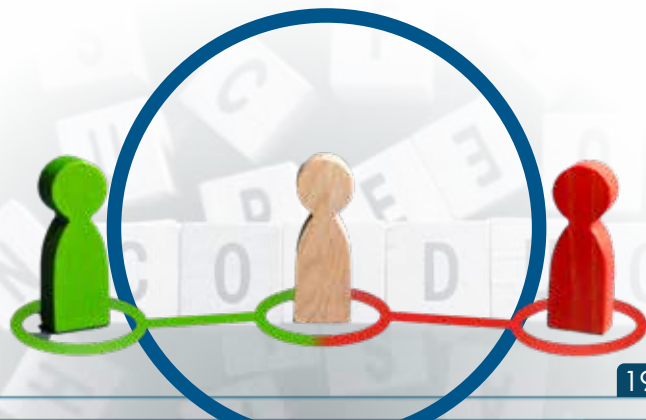
- Include anti-corruption clauses in the contract; and
- Raise the third party's awareness of compliance within the CSIR, e.g., by discussing the risk of corruption and explaining the Ethics Statement and Code of Conduct.

Moreover, you should always conduct a simple background check of the third party, the individual/s and company. Legal and Compliance Services can assist you in this task. It may also be a good idea to also consult industry peers for a view.

Third parties, especially agents who get paid large finder's fees for large contracts must first be subjected to a thorough due diligence before the contract is awarded to them.

### Please take note of the following:

- ✔ **DO** perform a background check on third parties with the help of Legal and Compliance Services;
- ✔ **DO** raise third party's awareness of compliance issues;
- ✔ **DO** ensure that the contract between the third party and the CSIR is based on the CSIR standard template and includes anti-corruption provisions;
- ✘ **DO NOT** overpay the third parties; and
- ✘ **DO NOT** allow the third party to speak or act on behalf of the CSIR without express written permission from the CSIR.



## 9. GOVERNMENT RELATIONS

Government relations include all contact with the government as a shareholder, regulator, business partner or client.

The CSIR is only involved in public affairs and lobbying to a very limited extent.

### Our policy is:

- Public affairs and lobbying activities must only be handled by group executive management, represented by Corporate Communications; and
- Local public affairs and lobbying activities may only be initiated with prior approval of Corporate Communications.

Employment of government officials is only allowed in exceptional circumstances where it is in line with the law and/or government programmes. The CSIR Chief Executive Officer (CEO) must give prior written approval for such employment.

### Please take note of the following:

- ⊗ **DO NOT** engage in public affairs or lobbying on behalf of the CSIR without written approval; and
- ⊗ **DO NOT** employ government officials except in very exceptional situations and with the CEO's approval.

**NOTE:** In other countries, the possibility of interacting with government officials is very limited. There may even be special rules regarding gift-giving and dinners with government officials.



## 10. INTELLECTUAL PROPERTY

The CSIR business is built on extensive research, development and innovation, as well as on immense experience and the talent of our employees. This experience has resulted in a body of intellectual property.

### Intellectual property includes:

- Copyrights;
- Trade secrets, know-how and other confidential information;
- Patents; and
- Trademarks.

Patents, designs, copyrights and trademarks are registrable rights that may be made public after a certain period. However, unpublished patent applications, trade secrets, know-how or other confidential information are valuable company assets that could cause the CSIR harm if improperly disclosed. For this reason, you must maintain confidentiality of all CSIR confidential information, e.g., internal documents, proposals, financial information, research outcomes, product specifications, unpublished patent applications and other information on research and development projects.

### Please take note of the following:

- ✔ **DO** take care where and when you discuss confidential information regarding the CSIR;
- ✔ **DO** make confidentiality agreements with persons and entities outside the CSIR before discussing or disclosing confidential information, but never disclose more information than necessary;
- ✔ **DO** mark confidential information as CONFIDENTIAL;
- ✔ **DO** contact Legal and Compliance Services when in doubt;
- ✘ **DO NOT** provide suppliers or other business partners with confidential or sensitive information unless they sign non-disclosure agreements prior to disclosure;
- ✘ **DO NOT** copy or keep any CSIR confidential information for personal use or advantage; and
- ✘ **DO NOT** share internal CSIR documents with others outside the CSIR and without valid contractual or legal cause.

## 11. INTERACTION WITH COMPETITORS

CSIR employees must never agree with competitors regarding “commercially or price sensitive information”. This information includes prices, sales, market or customer sharing, limitation of productions, boycotts of customers or suppliers.

You may obtain commercial information about competitors from public sources or from customers if they voluntarily and acting on their own initiative send you such information.

### Please take note of the following:

- ✔ **DO** obtain information about competitors from public sources or customers;
- ✔ **DO** protest in writing if a competitor gives you commercially sensitive information;
- ✘ **DO NOT** discuss commercially sensitive information with competitors; and
- ✘ **DO NOT** agree to compete with a competitor or fix prices.



## 12. DOMINANT POSITION AND ARRANGEMENT WITH CUSTOMERS

There are two main rules you must remember regarding cooperation with customers:

- Do not agree with customers or clients to exclude competitors from the market (long-term exclusivity arrangements); and
- Do not restrict customers or clients to set their own resale price.

In different countries, there are or may be additional limitations to what we can do where we are dominant (typically market share above 40%) or may be dominant (typically market share above 20%). These additional limitations usually are:

- Set prices “unfairly high” or below cost;
- Discriminate against clients, customers or competitors;
- Enter into exclusive supplier arrangements;
- Condition rebates on the purchase of a large portion of customer’s requirements from the CSIR; and
- Make a purchase of a product or services a condition for purchasing another.

The specific rules and thresholds are country dependent. Please contact Legal and Compliance Services if you are in doubt.

### Please take note of the following:

- ✔ **DO** check if we have a dominant position in the market;
- ✔ **DO** ensure that we operate within relevant limitations if we are dominant in a market; and
- ✘ **DO NOT** agree on a minimum resale price agreement or agree with a customer or client to exclude a competitor.



### 13. DO NOT TAKE A PERSONAL RISK

If you are in a situation where clients, customers, authorities or even CSIR colleagues are putting you under pressure to violate the Ethics Statement and Code of Conduct, you need to speak up. It is your responsibility to avoid breaking the rules and to ensure, wherever possible, that others do not as well.

If you are in doubt, you must immediately consult the compliance manager or Group Manager: Legal and Compliance. In this way, the burden will no longer only be on your shoulders – it becomes a corporate decision. Remember that you run a personal risk of disciplinary action or criminal prosecution if you do not seek advice on such matters.

#### Please take note of the following:

- ✓ **DO** seek advice and guidance from the compliance manager or Group Manager: Legal and Compliance; and
- ✗ **DO NOT** agree to anything that is against the Ethics Statement and Code of Conduct, even if your line manager instructs or suggests you do so.





## 14. SPEAK UP!

If you learn about a breach of the Ethics Statement and Code of Conduct by a business partner, colleague, customer or client, you must report it.

In most instances, you must inform and seek advice from your line manager, executive cluster manager or the group executive for your division. If you do not feel comfortable with this, you can report the situation through the whistleblower hotline. In South Africa, whistleblowing is governed by the Protected Disclosures Act, 2000.

The whistleblower hotline allows you to report online or through a toll-free telephone number in your language. All reports are received by an external contracted service provider, which ensures full encryption and data privacy.

We encourage employees to state their name, but the whistleblower hotline also enables you to report anonymously. You may also choose to disclose your name to the hotline, but request that the service provider does not disclose it to the organisation. The latter, in certain circumstances, allows for easy investigation of reported potential or actual violations.

Your report will be kept confidential and only shared with a very limited number of people, no matter how you report a concern. Note that the whistleblower is only for a limited range of fraud or corruption-related issues.

✔ **DO** use the whistleblower hotline to report cases regarding:

- Bribery;
- Facilitation payments;
- Fraud, embezzlement or the misuse of CSIR property or funds;
- Inappropriate gifts and entertainment;
- Breaches of competition law;
- Breaches of export control rules; and
- Other topics covered by the Ethics Statement and Code of Conduct.

✘ **DO NOT** report HR-related matters such as complaints regarding management, performance or harassment through the whistleblower hotline. Such cases may not be dealt with if reported through the whistleblower hotline and must be reported to your line manager or HR business partner.





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