MANDENI LOCAL MUNICIPALITY

Ethics & Integrity Management Strategy

2026-2027

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TABLE OF ACCRONYMS.

Acronym	Description.
LGACS	Local Government Anti-Corruption Strategy
MIMS	Mandeni Integrity Management Strategy
SALGA	South African Local Government Association
MLM	Mandeni Local Municipality
POCA	The Prevention of Organized Crime Act, No. 121 of 1998
PDA	The Protected Disclosures Act, No. 26 of 2000
PAIA	The Promotion of Access to Information Act (PAIA), No. 2 of 2000
MSA	Municipal Systems Act, No. 32 of 2000
MFMA	Municipal Finance Management Act 56 of 2003
COGTA	Cooperative Governance and Traditional Affairs
NCBF	National Capacity Building Framework
LGACS	The South African Local Government Anti-Corruption Strategy of 2016
KPA	Key Performance Areas
AO	Accounting Officer
IEMC	Integrity and Ethics Management Committee
MPAC	Municipal Public Accounts Committee
COI	The Commissioner of Integrity
SAPS	The South African Police Service

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1. INTRODUCTION

Mandeni Municipality is committed to fostering a culture of integrity, accountability, and transparency. As custodians of public trust, our duty extends beyond simple compliance with the law; we are committed to doing the right thing for our community, even when no one is watching.

This Ethics Strategy serves as a blueprint for conducting business with honesty, fairness, and respect. It empowers our employees and elected officials to make ethical decisions, ensuring our resources are used effectively to improve the lives of our citizens. By adopting this framework, we commit ourselves to a zero-tolerance approach toward fraud, corruption, and misconduct, building a municipality that is respected, trusted, and professional.

This strategy is therefore a symbol of commitment by Mandeni Municipality to be known as an ethical organization with institutional values that have a strong emphasis on ethical conduct and integrity.

2. MANDENI LM'S STATEMENT OF ETHICAL COMMITEMENT

'Ethical Conduct & Integrity' Mandeni LM'S commits to maintaining the highest level of ethics, fairness and transparency in all interactions with officials, customers and all other stakeholders. Transparency and openness are important supporting behaviours of ethical conduct. The fundamental ethical principles of responsibility, honesty, fairness, and respect provide the four cornerstones of our approach to good governance.

3. MANDENI LM'S ETHICAL PHILOSOPHY

3.1. Ethical Philosophy

MLM strives to improve ethics within its organisation. It is the individual responsibility of each employee. To this extent, every employee of MLM shall always –

A	Act within his/her powers and in the best interest of and for the benefit of MLM
C	Carry out his/her duties with the skill and care to be expected from persons of their knowledge and experience, and their position/relationship within MLM
E	Ensure that his/her conduct is always based on honesty, fairness, transparency, and integrity.

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3.2. Treating Everyone with Respect.

MLM commits to upholding basic respect for all individuals and their differences. MLM does this by upholding fundamental human rights and dignity of all people. As local government, MLM has a primary duty to play a positive role in the communities we serve.

3.3. Service to the Community.

MLM commits to serving its community and stakeholders in a manner which is free of fraud and corruption and always acts in the legitimate interests of all stakeholders involved and discharge their duties with integrity, faithfulness, confidentiality, efficiency, competence and in a non-discriminatory manner.

3.4. Unbiased Judgement.

Employees of MLM must not accept, offer, or solicit gratification of any kind which may be perceived to, or attempt to influence any decision related to work or affect the impartial judgement of employees.

3.5. Respect the Law.

MLM employees and stakeholders will uphold all applicable laws and regulations as well as policies and guidelines regarding corruption and unethical behaviour, and are obliged to, promptly, report misconduct and/or criminal behaviour to MLM management and/or the anti-fraud hotline within a reasonable time. In addition to compliance with this strategy, all employees and stakeholders have a duty to uphold and respect the laws of the country.

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3.6. Avoid Bribery & Corruption.

MLM will not engage in, nor tolerate, any corrupt, dishonest, or illegal practice such as bribery or fraud. It is unacceptable to directly or indirectly offer, pay, solicit, or accept bribes in any form. No employee shall directly or indirectly request, accept, offer, or grant a personal advantage in connection with a business activity.

No employee shall make or accept any payment or kickback, nor offer or accept improper financial advantage to or from any person or company; or an official of a government or government-controlled entity for the purpose of obtaining a permit, authority, business, or other services.

MLM seeks to prevent, detect and to react to corruption. MLM will neither ignore nor acquiesce with corruption, nor will it consider that local corruption is cultural and unchangeable. The MLM will neither initiate nor accede to corrupt practices. Corrupt activity including but not limited to bribery; fraud, sexual harassment; extortion; abuse of power or assets; abuse of privileged information; conflict of interest; gratification or nepotism, will not be tolerated. We will neither give nor accept bribes, nor permit others to do so in our name.

4. PURPOSE AND OBJECTIVES OF THE ETHICS AND INTEGRITY MANAGEMENT STRATEGY

4.1. What's the Purpose of this Strategy?

The purpose of this strategy is to strengthen measures and principles for managing ethical behaviour, to promote and embed an ethical culture at all levels within the MLM and to prevent fraudulent and corrupt activity within MLM and to prescribe corrective measures in cases of breach thereof.

In adopting this strategy, MLM seeks to:

a) Establish a common understanding of integrity to be observed and adhered to by all MLM employees and stakeholders; and
b) Prevent the infringement of integrity and ethics by defining unacceptable behaviour in municipal service by all MLM employees and stakeholders.

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4.2. Strategic objectives

We believe that by focusing on the following 5 key objectives we will improve the culture and manage our ethics risks.

a) Set a strong ethical tone with clear standards.

b) Develop a competent, professional, and ethical workforce.

c) Actively manage operational fraud, corruption, and ethics risks

d) Ensure effective consequence management.

e) Work with communities and service providers.

5. APPLICATION OF THE ETHICS AND INTEGRITY MANAGEMENT STRATEGY

This strategy shall apply uniformly to all employees throughout the municipality and all stakeholders in as far as Integrity and Ethics Management is concerned, when doing business with MLM. Each MLM employee and stakeholder is required to know and understand the strategy and its relevance to their areas of responsibility.

6. LEGISLATIVE FRAMEWORK

6.1. The Constitution of the Republic of South Africa

The Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) promotes the basic values and principles governing public administration. Section 195 of the Constitution sets the following principles for the promotion of good governance and combating of corruption:

a) A high standard of professional ethics must be promoted and maintained.
b) Efficient, economic, and effective use of resources must be promoted.
c) Public administration must be accountable.
d) Transparency must be fostered by providing the public with timely, accessible, and accurate information.

The Constitution is complemented by the following pieces of legislation:

- The Prevention and Combating of Corrupt Activities Act 12 of 2004 (the Corruption Act)
- The Prevention of Organized Crime Act, No. 121 of 1998 (POCA)
- The Protected Disclosures Act, No. 26 of 2000 (PDA or the "Whistleblowing Act")
- The Promotion of Access to Information Act (PAIA), No. 2 of 2000
- The Public Protector Act, 1994 (Act 23 of 1994)

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- Public Administration Management Act (Act 11 of 2014)

In addition to the national legislation and policy framework, the most relevant legislation governing local government regarding addressing fraud and corruption in municipalities is the Municipal Systems Act (MSA) 32 of 2000 and the Municipal Finance Management Act 56 of 2003 (MFMA).

6.2. Policy Framework

At the level of local government, municipalities are guided by the following policy provisions to address fraud and corruption:

- Municipal Supply Chain Management Regulations, 2005
- Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
- Municipal Regulations on Minimum Competency Levels, 2007
- Local Government: Regulations on appointment and conditions of employment of senior managers, 2014
- Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014
- Back to Basics Strategy, 2014
- Local Government Anti-Corruption Strategy (Revised draft 2015)
- National Treasury Regulations

6.3. Professionalization Framework for Local Government, 2013

The Local Government Professionalisation Framework is underpinned by the SALGA National Human Resource Management and Development Strategy (A Blueprint for Local Government) that was approved by its National Executive Committee in April 2013 and the COGTA National Capacity Building Framework (NCBF) for Local Government: 2012 to 2016. The strategic focus of this Professionalisation Framework is to assist Local Government meet its developmental mandate. The Framework emphasises that local government must adhere to "the basic values and principles governing public administration" (Section 195). The principle relevant to this framework in the Constitution being *"A high standard of professional ethics must be promoted and maintained"* ***(The South African Local Government Anti-Corruption Strategy of 2016).***

The Professionalisation Framework is aimed at strengthening the local government system, promoting a high level of professional competence (knowledge and skills), experience, behaviour and ethics on the part of local government officials, both appointed and elected, especially those at the senior executive level (professionalism), promoting professional ethics and professionalisation, promoting a

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development-orientated approach to local government, ensuring uniformity, standardisation and harmony in the approach to professionalisation, professionalism and professional ethics, promoting equity and aligning to existing constitutional, legislative and regulatory mandates and requirements. The overall objective being to contribute to improved individual and institutional performance and contribute to an enabling environment for professionalisation at local government level (***The South African Local Government Anti-Corruption Strategy of 2016***).

6.4. Back to Basics Strategy, 2014

The Back to Basics identifies a set of Key Performance Areas (KPAs) to assist municipalities in monitoring and evaluating their performance in their efforts to improve their overall functionality. The KPAs include aspects such as basic service delivery, good governance, financial management, institutional capacity and public participation (ibid).

6.5. Local Government Anti-Corruption Strategy 2016/2017

The South African Local Government Anti-Corruption Strategy of 2016 requires all municipalities to strengthen their resilience against corruption by implementing the Local Government Integrity Management Framework. The Integrity Management Framework, has been adapted to Mandeni Municipality's specific circumstances and needs.

Local Government Anti-Corruption Strategy has five strategic objectives aimed at combating corruption local government.

- Promoting community ownership
    - Facilitating a national dialogue on governance and ethical leadership in municipalities
    - Implementing basic public participation responsibilities
    - Developing and promoting good practice in community oversight
    - Driving an anti-corruption awareness campaign
- Strengthening municipalities' resilience against corruption
    - Implementing the Integrity Management Framework in municipalities
    - Developing a community of Integrity Management Practitioners
- Building trust and accountability through effective resolution
    - Developing municipal capability to manage investigations and consequences.
    - Providing capacity support to municipalities for investigations and disciplinary procedures

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- Improving oversight of investigations and consequences

This strategy seeks to:

- Provide a holistic and integrated approach to fighting corruption at the local government level.
- Promote prevention, detection, investigation, resolution, and public participation as the platform for the strategy.
- Support comprehensive public awareness and civil education, including strengthening community participation in the fight against corruption in municipalities.
- Professionalise the local government sector and to promote ethical conduct; and
- Promote the integrity of municipal business processes, including comprehensive risk management.

The Mandeni Local Municipality Integrity Management Framework is adapted from the Local Government Integrity Framework that sets out the responsibility of municipalities in implementing the 2017 Local Government Anti-Corruption Strategy.

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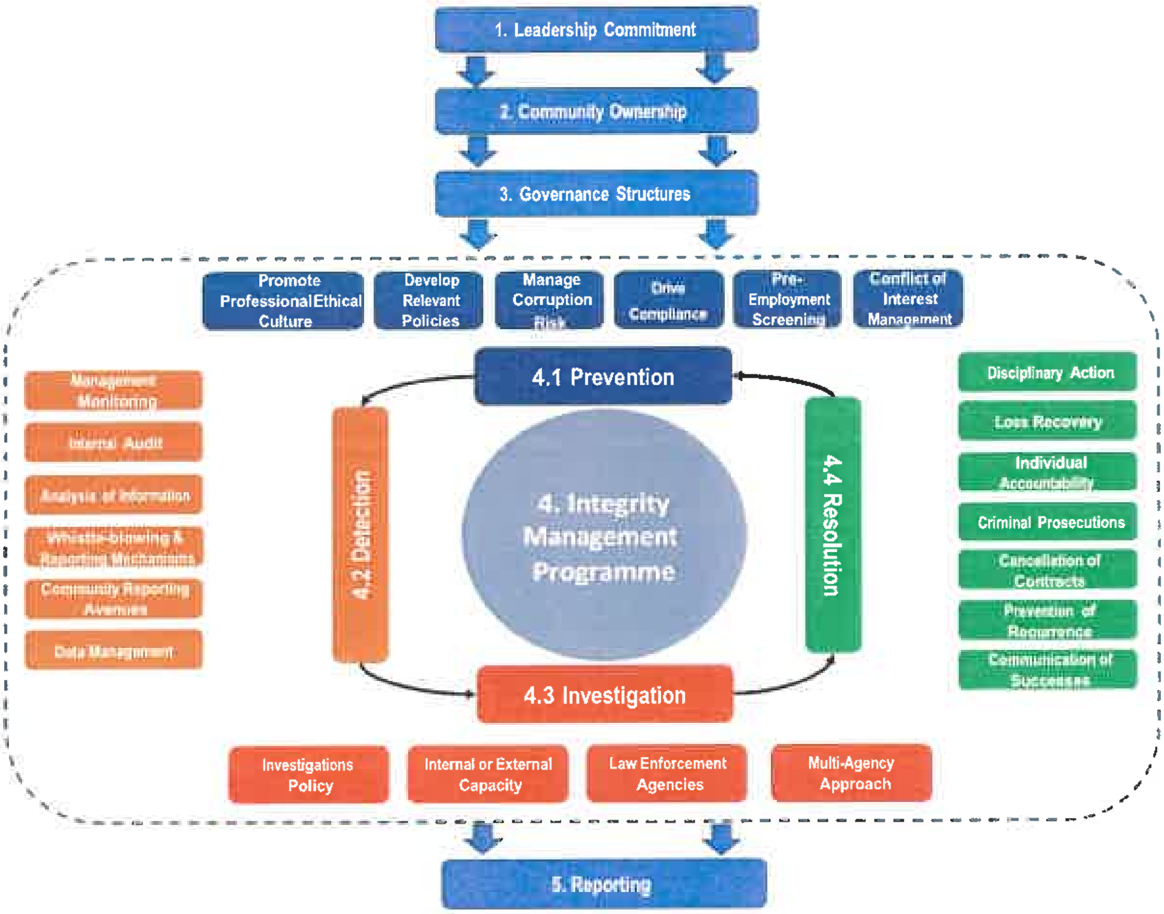
The following diagram gives an overview of the four-pillar approach to integrity management:



This strategy is premised on the following principles that guide the municipality in the implementation of ethics and integrity.

1. Municipal **leadership** should set the tone and drive good governance, organisational integrity, and anti-corruption initiatives.
2. **Communities** must be acknowledged as the 'owners' of municipalities and initiatives must be put in place to ensure transparent and accountable governance, and community oversight.
3. Appropriate **governance structures** should be in place and should ensure effective governance, oversight and the implementation of the integrity management framework. There should be sufficient capacity to implement the integrity management framework.

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4. MLM's **integrity management initiatives** based on the four pillars of:
   - **Prevention**
   - **Detection**
   - **Investigation; and**
   - **Resolution.**
5. Effective information management systems should be implemented, and the municipality must submit **reports** to appropriate entities to ensure transparency through monitoring, oversight, and accountability.

7. GOVERNANCE REQUIREMENTS FOR THE ETHICS AND INTEGRITY MANAGEMENT PROGRAM.

The Ethics and Integrity Management Strategy requires the Municipality to have an Ethics Committees, Ethics Champion and Ethics Officers and governance structures that will oversee and monitor implementation and compliance of the framework.

Building an ethical culture in an organisation starts with the leadership of the organisation. Without a strong and clear leadership commitment, any attempt to introduce an integrity management programme may be in ineffective.

To make ethics an integral part of the business and culture of the organisation, governance structures are required to ensure that ethics management always gets sufficient resources and leadership attention, and that it is aligned to MLM's key strategic deliverables. Use of the term integrity management in this document includes the management of ethics, fraud and corruption, and can be referred to interchangeably.

7.1. Leadership Commitment.

The Leadership of MLM commits to drive good governance, organisational integrity, and anti-corruption initiatives. Councillors set an ethical tone for the municipality, ensuring sound governance and strong oversight in the interest of the community. The Accounting Officer ('AO') will provide ethical leadership in the administration of the municipality and will ensure that the municipality has a strong programme to promote integrity and fight corruption. The AO directly portrays the ethical character, reputation, and credibility of MLM to all stakeholders. As influencers of behaviour, opinion formers, policy makers, decision makers and role models, leaders act as representatives of the MLM's ethical credibility.

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The power of individuals in senior management positions determines the extent to which ethical behaviour will be modelled. The AO is therefore in the best position to influence corporate ethical behaviour.

7.2. Governance Structures and Capacity

Institutionalisation of the strategy requires leadership commitment, direction, and oversight. The following governance arrangements will be put in place to implement the strategy.

7.2.1. Integrity and Ethics Management Committee ("IEMC").

The IEMC is established as an oversight body of the management of ethics, fraud, and general misconduct. The core purpose of the Integrity and Ethics Management Committee (IEMC) is to provide strategic guidance to the MLM on, as well as oversee and/or monitor the implementation of, the municipality's integrity program and anti-corruption strategy within the Municipality.

For the IEMC to have standing and credibility in MLM, it collectively must have a high level of integrity. An organisation that has an IEMC clearly demonstrates to all stakeholders that institutionalising ethics is a corporate priority. Besides its strategic and oversight role, the IEMC also has a powerful symbolic value, in that it conveys the message that the organisation is genuinely committed to ethics and anti-fraud management.

IEMC being the over-arching committee will constitute of the both the Disciplinary and Criminal Proceedings board according to the MFMA regulation together with the Ethics Committee however this does not remove the accountability of the IEMC as the overarching body on all investigative matters in the institution.

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7.2.1.1. Composition of the IEMC.

The IEMC shall be chaired by the Commissioner of Integrity and shall be appointed by Council, and the Risk Management Office will be the secretariat. The committee shall be governed by a Terms of Reference approved by Council and shall be made up of the following members:

7.2.1.2. Functions of the IEMC.

The Integrity and Ethics Management Committee will be responsible for the following:

a) Oversee and monitor the ethics-management programme and management of ethical risks as well as institutionalising ethics,
b) Oversee and monitor fraud, corruption, and similar misconduct investigations,
c) Report on cases, outcomes and/or implementation of recommendations of fraud and corruption cases to Council.
d) Monitor whether disciplinary sanctions for fraud, corruption and similar misconduct are imposed in line with the laws of the Republic of South Africa and the policies of MLM.
e) Monitor whether all cases in relation to general misconduct are investigated by the Forensics and reported to the IEMC.
f) Liaise closely with other oversight structures of the MLM, as and when necessary.

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7.2.1.3. Reporting Protocol of the IEMC.

The IEMC will report directly to the Council on cases of unethical conduct. The committee monitors, investigations of financial misconduct, fraud, and corruption, ensuring compliance with South African law.

The committee will table quarterly reports to the Council in relation to all aspects of ethics, fraud, and corruption matters. Furthermore, there will be a direct flow of information to other oversight structures i.e. Risk Committee and Audit Committee and Municipal Public Accounts Committee (MPAC) and the Mayoral Committee.

7.2.2. The Commissioner of Integrity ("COI").

The office of the Commissioner of Integrity will be appointed as an independent external expert and will table quarterly reports to Council. The COI is responsible for the following:

a) Independent and external oversight over the investigations undertaken internally by the relevant departments.
b) Instituting civil or criminal action and reporting cases of fraud and corruption to the SAPS and Auditor General where applicable and as per legislation,
c) Ensure the enforcement of remedial action and other recommended action as per the outcomes of investigations.

A dedicated office of the COI will be established to harness the efforts with respect to the monitoring, reporting and enforcement mechanisms effecting remedial action to address the incidents of fraud and corruption in the Organization, which will table quarterly reports to Council.

7.2.2.1. Standards of Ethical Conduct.

The COI must uphold the standards of integrity and ethical values of the organisation. In doing so the COI is required to: -

a) abide by the principles, rules and obligations of this framework and all related codes, practices, legislation.
b) uphold the law.
c) act on all occasions in accordance with the public trust placed in him/her.
d) discharge his/her obligations, in terms of the Constitution, by placing the public interest and that of the organisation above any other.

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e) in the performance of their duties and responsibilities, be committed to the eradication of all forms of fraud, corruption, and other criminal behaviour in the organisation.

f) Not engage in any activity that will or has the potential to bring his office and the organisation into disrepute. Where the COI is found guilty of such conduct, his/her contract may be terminated with immediate effect.

7.2.2.2. Roles and Functions of the COI.

The COI functions and duties include the following:

a) To act on behalf of the Council to monitor and ensure implementation of recommendations pursuant to investigations conducted.
b) Facilitation of a culture of public service and accountability and support the prevention and combatting of corruption.
c) To monitor and report on activities of the Anti-Fraud Hotline and the municipalities fraud case register.
d) Enforcement of municipal prescripts on the municipal code of conduct.
e) Receive, enforce and monitor findings of investigations by forensics and other departments, and resolutions of MPAC.
f) Institutionalise liaison with external law enforcement agencies, and become internal link for these processes to ensure the full extent of the law is enforced and cases are finalised i.e.

  - Penalties/Compensation/Recovery/Preservation/Forfeiture/Confiscation/Disciplinary/ Dismissal/Civil action and motion proceedings in terms of the Criminal Procedure Act, Prevention and Combatting of Corrupt Activities Act; and Prevention of Organised crime Act or any other applicable legislation.

g) Ensure an end-to-end process in combating fraud and corruption – that all cases from inception are consistently investigated and finalized in a consistent manner.
h) The COI will allow the relevant departments to do investigations and simultaneously submit reports to the COI and IEMC.
i) Initiate recovery of lost funds to aid in service delivery efforts, thus ensuring compliance with s32 of the MFMA.
j) Advance a culture of responsible workforce actions which aid in the detection, investigation and reduction or eradication of incidence of fraud and corruption.
k) Follow-up of cases reported to external bodies and ensure finality.

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l) Liaison with the Risk Management Department is fundamental as potential risks would be identified and be used as a base source for reviews, detection and prevention of fraud and corruption.

7.2.3. Municipal Public Accounts Committee ("MPAC").

The role of MPAC as a Section 79 Committee of Council plays an integral role in monitoring financial transactions, suspicion of imprudent financial management and holds the executive to account. This committee will be kept abreast of all cases of fraud and corruption, the findings and recommendations and enforcement of sanctions imposed. The Committee has the following roles and responsibilities:

a) To oversee all programmes of the municipality and to investigate value for money on projects – overseeing the planning and implementation of projects against expenditure.
b) To instruct other committee members, management, and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda of the Council to direct any matter for investigation within its terms of reference.
c) To have direct access to internal and external auditors and to direct investigations in any matters when necessary.
d) The Committee should have permanent referral as they become available, of –

   - ✓ all accounts and financial statements of the municipality.
   - ✓ all reports of the Auditor-General.
   - ✓ all reports of the Audit Committee and the IEMC
   - ✓ Information on compliance (see section 128 and 133 of the MFMA).
   - ✓ Information in respect of any disciplinary actions taken in terms of the Municipal Finance Management Act (MFMA).
   - ✓ Information in respect of transgressions in terms of the MFMA.

e) To summon any person to give evidence before it, or to require any person or institution to report to it. If in the interest of accountability, the Committee will not refrain from calling individuals who were responsible at the time of the events, even though they may since have taken up another position or resigned from the municipality.
f) To receive technical support from the Internal Audit office.

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g) To hold public hearings and instruct other committee members, management, and other employees to be present at a given meeting to hear and answer for themselves and for possible interview and input regarding items of the agenda.

h) To monitor the extent to which its recommendations and those of the AG are carried out.

7.2.4. Ethics Office.

A structured, formalised, and dedicated approach to the management of integrity and ethics in a concerted way is required. This function will be executed by the Ethics Office, an office situated in the Risk Management Office. The Office, in consultation with the IEMC, must ensure the implementation of the strategy and creating awareness amongst all employees and stakeholders, monitoring the implementation of the strategy.

For the Ethics Office to execute a fully-fledged ethics programme, the following functions are required:

#	Function	Details.
1	Managerial capacity	the Ethics Office will plan and coordinate the various aspects of an ethics-management process and liaise with role players at all levels of MLM
2	Policy-development capacity	The Ethics Office will play a key role in embedding the central repository pertaining to gifts, disclosure and moonlighting, and policies related thereto.
3	Training capacity	The Ethics Office will be responsible for ensuring that new and existing staff are familiar with the ethics standards and policies of the organisation
4	Communications Capacity	The Ethics Office will communicate important ethics developments to MLM and maintain a high level of ethics awareness in MLM. This will be done through the IEMC and Communications Department
5	Administrative capacity	The Ethics Office will administer processes associated with the implementation of policies, like keeping records of declarations of interest and maintaining gift registers.
6	Advisory-role capacity	The Ethics Office will provide advice to members of staff who have queries regarding the ethics standards and policies of the organisation

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7	Risk Management	track of all relevant data such as ethics breaches, trend analysis, types of incidents, management and mitigation of ethics and fraud risks

7.2.5. Council of Mandeni LM.

The Council of MLM is ultimately accountable for ethical conduct within MLM. To this end the Council appoints the Integrity and Ethics Management Committee to ensure that MLM implements effective fraud strategies, ethics policies, structures, and programmes to institutionalize and monitor ethics and fraud within the municipality.

7.2.6. Community Ownership.

Mandeni LM community as defined in this framework is acknowledged as the "owners" of this municipality and are therefore entitled to transparent and accountable governance.

In keeping with the municipality's commitment to transparency, the municipality shall:

a) Comply with legislative and regulatory requirements for promoting public participation.
b) Implement programmes to increase transparency of municipal processes.
c) Information on the budget planning and performance should be made easily accessible to the public in a clear and understandable format.
d) Comply with the spirit of the Promotion of Access to Information Act and the promotion of Administrative Justice Act.

7.2.7. The Accounting Officer.

The Accounting Officer has a duty in terms of Section 173(1)(iv) of the MFMA, to take measures that will prevent corruption and limit the Municipality's exposure to fraud and ethics risks. The Accounting Officer shall take ownership and accountability to ensure that MLM comply with the MLM Integrity and Ethics Management Framework. The Heads of Departments (sec. 56 directors) of the various Departments are accountable to the Accounting Officer for the implementation of the Ethics and Integrity Management Strategy within their departments as well as the implementation of recommendations by Internal audit.

Where there are allegations of general misconduct, fraud, corruption, or similar misconduct against a senior manager or any other official, the Accounting Officer must refer the matter to the Forensics Division for further investigation and all outcomes of such investigation must be reported to the IEMC and the Commissioner of Integrity.

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7.2.8. The Role of the Ethics Champion

The Ethics Champion of MLM is the Risk Management Officer who is appointed and assigned by the Accounting Officer. The Ethics Champion plays the ownership role of defending and advocating the cause of ethics on an executive level. The most important role of the Ethics Champion is to provide the initial impetus for an ethics management drive and to ensure that the ethics initiative maintains momentum. The ethics champion's foremost responsibility is to provide the vision and energy that are required to launch the ethics initiative. He or she has a significant responsibility to market ethics and anti-fraud initiatives and must ensure that these programs gain and retain prominence.

In addition to this, and since the ethics champion role will be marked by very high visibility, the champion must be regarded as an ethical role model. He or she is responsible to align the ethics management functions of all 5 departments within MLM as well as its entities. The ethics champion fulfils a vital role in ensuring that the ethics management function is adequately resourced. Funding and other resources are preconditions for its success. Due to the structure and size of MLM, there is a need for departmental level ethics champions, as well as an overall ethics champion. The Risk Champions officials in each department are to be appointed as departmental ethics champions/officers.

7.2.9. The Role of the Mandeni LM Employees

Integrity and Ethics is the responsibility of every MLM employee and officials. Each employee and official is personally responsible for ensuring awareness and understanding the integrity framework, relevant laws and provisions applicable to them. Each employee and official are equally responsible for behaving in accordance with this Framework

8. OVERVIEW OF THE INTEGRITY MANAGEMENT PRINCIPLES.

The Integrity Management Principles (the 'Principles') are intended as a guide to assist in identifying and interpreting situations of actual or potential misconduct and/or corruption. The principles are principle-based and provide a framework within which employees and stakeholders are expected to exercise their best judgement in relation to specific situations.

These Principles apply to all MLM employees and its stakeholders and are as follows:

- Conflict of interest
- Gifts, entertainment, hospitality, and other benefits
- *Private work outside MLM*

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- *Abuse of MLM assets*
- Nepotism and favouritism
- Facilitation payments

8.1. CONFLICT OF INTEREST

All employees will avoid conflicts of interest and always declare conflict of interest with MLM's Interests.

A conflict of interest is defined as any situation where a person representing MLM in any capacity has a direct or indirect business or financial interest which interest may reasonably be perceived as influencing such a person in the objective exercising of an obligation or performance of official duties. Employees must avoid actual or perceived conflicts of interest, involving themselves or close relatives and where such a conflict has the potential to arise, must draw this to the attention of their line manager.

A conflict of interest is defined as any situation where a person representing MLM in any capacity has a direct or indirect business or financial interest which interest may reasonably be perceived as influencing such a person in the objective exercising of an obligation or performance of official duties. Employees must avoid actual or perceived conflicts of interest, involving themselves or close relatives and where such a conflict has the potential to arise, must draw this to the attention of their manager.

8.2. Gifts, Entertainment and Other Benefits.

MLM employees have a responsibility to ensure that their dealings with MLM's stakeholders are based on objective decisions and are not influenced by gifts or favours. This is also applicable to MLM's stakeholders. Employees are prohibited from soliciting or receiving gifts and entertainment including favours, goods, gratuities, money, and services that:

May create a sense of obligation.

- May influence or be perceived to influence their business judgement.
- May create, or appear to create a conflict between an employee's personal interests and those of their employer, MLM; or
- If it became public, adversely affect our reputation.

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The soliciting or receiving of inappropriate gifts or entertainment can cause reputational damage to MLM. Concerns arise when the offering of gifts and entertainment may be connected in some way with an actual or potential business transaction. Even if the intent is not corrupt, there is still a risk that an objective third party may perceive the gift or entertainment to be an attempt to gain an undue advantage.

In the same way, MLM's stakeholders are prohibited from offering gifts and entertainment including favours, goods, gratuities, money, and services that:

a) May create a sense of obligation.

b) May influence or be perceived to influence MLM employees' business judgement.

c) May create or appear to create a conflict between an employee's personal interests and those of their employer, MLM.

8.3. Nepotism and Favouritism.

An employee of MLM may not take a decision on behalf of the MLM concerning a matter in which that employee or that employee's spouse, partner, or business associate, has a direct or indirect personal or private business interest.

8.4. Facilitation Payments.

MLM prohibits the accepting or offering of facilitation payments. A facilitation payment is a payment of nominal value made to a government official whose duties are essentially administrative in nature to secure the performance of routine governmental non-discretionary actions to which the payer is legally entitled.

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9. DISCIPLINARY ACTION.

All employees of MLM and its entities are required to comply fully with the MLM Integrity Strategy. MLM will endeavour to take prompt disciplinary action against employees found to have violated the Strategy. The disciplinary procedure will ensure that the due process of law is applied. An employee found guilty of breaching the Framework may be subject to dismissal.

10. REPORTING.

It is the responsibility of every MLM employee to report all incidents of fraud, corruption, theft, maladministration, or any other dishonest activities of a similar nature to his/her Supervisor/Manager. If the employee is not comfortable reporting such matters to his/her Supervisor/Manager, he/she should report the matter to the ethics officer or the ethics office. Employees may also report incidents by using the anti-fraud hotline reporting facility if they wish to remain anonymous.

A failure to report alleged misconduct, provide evidence in a disciplinary enquiry or in legal proceedings may be regarded as a disciplinary offence and employees may be subject to disciplinary action, including dismissal.

An employee, official, supplier, service provider or any member of the community can report fraud, corruption, theft, misconduct, maladministration, or any other unethical conduct of a similar nature if it impacts MLM by using the ANTI-FRAUD HOTLINE 032 456 8200

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11. PROTECTION OF WHISLE-BLOWERS

The Protected Disclosures Act, 26 of 2000 (Act) makes provision for the protection of individuals who makes a disclosure that is protected in terms of the Act.

Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the employee's employer for reporting is considered a protected disclosure under this Act. An employee making such a protected disclosure is protected from being subjected to an occupational detriment on account of having made a protected disclosure.

An employee who suspects or reports suspected dishonest activity or such activity which he/she has witnessed should be afforded the opportunity to remain anonymous should he/she so require.

Allegations made by employees which are false and made with malicious intentions, are discouraged. Where such malicious or false allegations are discovered, the person who made the allegations must be subjected to firm disciplinary action. Such disclosures are not protected by the Act.

12. AFFIRMATION & COMPLIANCE WITH PROTECTED DISCLOSURE ACT.

The MLM subscribes to the principles and requirements of this Act and to reaffirm our compliance with the Act, the MLM will:

a) Ensure protection of employees who submit a disclosure in good faith and use the appropriate reporting channels provided by the MLM;

b) Strive to create a culture which will facilitate the disclosure of information by employees relating to criminal and other unethical or irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals because of such disclosure; and

c) Promote zero tolerance to any criminal and other unethical conduct within the MLM.

S.G.K

13. REVIEW OF THE STRATEGY.

The strategy shall be reviewed annually to ensure compliance with relevant laws and regulations.

PREPARED BY: MS MASINGA- MANAGER: LEGAL, LABOUR, RISK MANAGEMENT

DATE OF ADOPTION BY COUNCIL: 30 JUNE 2026

COUNCIL RESOLUTION NO: C134

MUNICIPAL MANAGER

SG KHUZWAYO

DATE: 30/06/2026