

COMPLIANCE CHARTER¹

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¹ Policy was not developed in accordance with the Policy: Policy/Rule Formulation
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1. COMPLIANCE POLICY STATEMENT²

UNISA recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business. We are committed to complying with both the spirit and the letter of applicable requirements and to always act with due skill, care and diligence. The Council of UNISA is ultimately accountable to its stakeholders for overseeing compliance requirements.

The responsibility to facilitate compliance throughout UNISA has been delegated to the Directorate: Compliance. The compliance function identifies, assesses, advises, monitors and reports on the compliance risk of UNISA. The management of compliance risk forms part of the overall risk management framework of UNISA.

The Director: Compliance is responsible for the effective implementation of the Compliance Charter.

However, it must be emphasised that the primary responsibility for complying with any regulatory requirement lies with all employees conducting the particular transaction or activity to which regulation applies. All relevant employees must therefore be conversant with appropriate legislation and subordinate regulations, conditions and rules promulgated by regulators as well as with the compliance manual and/or technical guidance notes applicable to their specific area of responsibility. Employees are expected to comply both with the letter and with the spirit of these requirements.

If the key legislation governing our business is breached, UNISA could be fined severely. Damage to UNISA's reputation could result in an exodus of students. Compliance risks are serious and need to be controlled by all individuals at UNISA.

The Compliance Charter sets out our approach to managing our compliance risks. Further guidance and procedures can be found in the compliance manual.

Any breach of this Compliance Charter is considered serious and remedial action will result in disciplinary action that could ultimately lead to dismissal of the offender.

2. PURPOSE

Effective compliance management is a very important contributor to the protection of UNISA's integrity and reputation and it helps to build trust. The Compliance Charter is geared towards strengthening the effectiveness of compliance within UNISA and accordingly describes the roles and responsibilities and operation of compliance management for UNISA.

3. MISSION AND OBJECTIVE OF THE DIRECTORATE: COMPLIANCE

3.1 Mission

The mission of the Directorate: Compliance is to:

- 3.1.1 assist UNISA and its management to achieve the strategic objectives by compliance management practices that contribute to sound and responsible business practices; and
- 3.1.2 support UNISA with the necessary incorporation of these compliance management practices in its day-to-day operations.

By pursuing this mission, the Directorate: Compliance subscribes to UNISA's core values.

3.2 Objective

The objective of the Directorate: Compliance is to support UNISA and its management to:

² The Compliance Policy Statement is an excerpt from the Generally Accepted Compliance Framework – Principles, Standards and Guidelines published by the Compliance Institute SA
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- 3.2.1 embed compliance with laws, regulations, internal policies and procedures in every aspect of UNISA.
- 3.2.2 establish and maintain effective Compliance Risk Management and Control Systems, that includes monitoring and reporting.
- 3.2.3 provide timely advice to UNISA on relevant changes to the compliance environment.
- 3.2.4 promote the integrity of UNISA.

4. COMPLIANCE RISK MANAGEMENT

4.1 Definition of compliance risk

Compliance risk at UNISA is defined as the risk of UNISA's reputation or integrity being tainted or its financial condition impaired due to its failure to comply with laws, regulations, internal policies or procedures.

4.2 Compliance risk appetite

UNISA aims to be compliant with all applicable laws and regulations, internal policies and procedures governing its operations.

4.3 Risk tolerance

The situation may arise where the application of a law, regulation or policy is open to interpretation. In such a situation UNISA may make a judgment as long as it has evidence of a reasonable explanation for its actions, and the interpretation does not result in UNISA taking any unacceptable risks. In making such judgement, UNISA will avoid business practices that do not display integrity or may damage UNISA's reputation.

4.4 Role and responsibilities of Council

Council is ultimately accountable for compliance risk management. Council must provide stakeholders with assurance that the compliance methodology is designed and implemented effectively.

To assist in discharging duties and responsibilities in respect of compliance risk management, Council has delegated to the Audit and Enterprise Risk Management Committee the responsibility to review the compliance risk management progress and maturity, the effectiveness of compliance risk management activities, the key compliance risks facing UNISA and the responses to address these risks. The Audit and Enterprise Risk Management Committee's responsibility for compliance risk management is expressed in its terms of reference.

4.5 Role and responsibilities of the Management Committee

4.5.1 The Management Committee is accountable to Council to provide the appropriate assurance that UNISA complies with all laws, regulations, internal policies and procedures.

4.5.2 The Management Committee is entrusted with the responsibility to oversee the implementation and the effectiveness of compliance management within UNISA. This includes, but is not limited to:

- a) the establishment of an effective Directorate: Compliance;
- b) ensuring that senior management shall have specific oversight for compliance;

- c) allocating adequate resources to the Directorate: Compliance;
- d) ensuring that Compliance Officers shall under all circumstances have direct access to senior management and all relevant information.
- e) knowing and applying compliance rules and monitoring compliance with these rules.
- f) ensuring that the Directorate: Compliance is independent.
- g) proactively seeks to enhance the authority of the Directorate: Compliance.
- h) reporting on compliance risk management to the Council via the Audit and Enterprise Risk Management Committee.
- i) ensuring that the Management Committee shall have specific oversight for compliance.

4.6 Role of the Directorate: Compliance

4.6.1 The Directorate: Compliance:

- a) advises the Management Committee and the Audit and Enterprise Risk Management Committee on the assessment and the definition of the compliance risk appetite and risk tolerance levels.
- b) advises the Management Committee and the Audit and Enterprise Risk Management Committee on the acceptance of specific risk events based on impact analysis.
- c) supports the Management Committee and the Audit and Enterprise Risk Management Committee to raise awareness of compliance risk appetite and established good business practices.
- d) supports the Management Committee by identifying, assessing and overseeing the mitigation of compliance risks.
- e) reports on compliance matters that warrants the attention of the Management Committee and the Audit and Enterprise Risk Management Committee.

4.6.2 The Directorate: Compliance is, on behalf of the Management Committee, responsible for ensuring that UNISA operates within a clearly defined compliance framework.

4.6.3 The Directorate: Compliance proactively advises the Management Committee on conduct that will ensure that the management and employees act in a manner that is compliant with approved standards, both from a strategic and operational perspective.

5. INDEPENDENCE OF THE DIRECTORATE: COMPLIANCE

The Directorate: Compliance shall be independent from the operations of UNISA. This is established using the following principles:

- 5.1 The Directorate: Compliance has a formal status which is stated and communicated through this Charter.
- 5.2 A compliance officer is not placed in a position where a possible conflict of interest may occur between compliance responsibilities and any other responsibilities.

- 5.3 The Directorate: Compliance employees are entitled to have access to the information and employees necessary to carry out their responsibility.

6. COMPLIANCE METHODOLOGY

To ensure that the provisions of this Charter are fulfilled, the following compliance methodology will be followed:

6.1 Compliance Universe

The compliance universe refers to the complete set of compliance risks applicable to UNISA. It outlines how compliance with legislation, regulations, internal policies and procedures is embedded in business processes and links ownership of compliance risks and risk mitigating actions to business or process owners.

It will be the function of the Directorate: Compliance to translate legislation, regulations, internal policies and procedures into compliance obligations and to link these obligations to business processes and process owners.

It will be the function of departmental management to ensure ownership of the compliance universe within the business, to define roles and responsibilities within business to maintain the compliance universe, and to manage compliance risks.

6.2 Compliance risk identification

Compliance risk identification is the process of identifying compliance risks to prioritise the development and implementation of mitigation strategies.

The Directorate: Compliance will work with the Legal Services Department and other role players to identify relevant compliance-related legislation, regulations, policies and procedures. It will further advise, support and engage with the Management Committee and/or Departmental Management on its own identification of compliance risks.

6.3 Compliance self assessment

With the assistance and facilitation of the Directorate: Compliance, Departmental Management will be required to do an annual self-assessment to identify legislative, regulatory, policy and procedural risks. (A further advantage of the self-assessment is that it raises compliance awareness within the area in which it is undertaken.)

6.4 Compliance risk analysis

Compliance risk analysis is the process of assessing the impact and likelihood of the identified compliance risk. The methodology and approach to compliance risk analysis will be in line with the methodology and approach conducted by the Directorate: Enterprise Risk Management, where appropriate.

The Directorate: Compliance will initiate and participate in all risk analyses and in co-operation with departmental management, rate and rank the compliance risks. In the case of a disagreement on the results of a risk analysis, the Directorate: Compliance will escalate the disagreement to the Management Committee.

Departmental management is required to ensure the execution and prioritisation of compliance risk analyses by:

- participating in all compliance risk analyses;
- working with the Directorate: Compliance to analyse compliance risks;
- working with the Directorate: Compliance to prioritise compliance risks; and
- approving the outcome of the compliance risk analyses.

Departmental management should on a timely basis, involve and seek advice from the Directorate: Compliance in all matters that may cause significant or fundamental compliance risks for UNISA.

6.5 Establishing risk mitigating strategies

6.5.1 Compliance risk mitigation is the process of responding to unacceptable risks to bring them to an acceptable level. Responding to risks can be achieved through various strategies, *inter alia*:

- risk avoidance;
- risk reduction;
- risk transfer; and
- risk response.

6.5.2 The defined mitigation strategies should mitigate the impact and/or likelihood of the identified compliance risks. Compliance risk mitigation focuses on risk reduction by developing and implementing controls such as standards, procedures, policies and guidelines to prevent or reduce compliance risks.

6.5.3 The Directorate: Compliance will fulfil the following roles and responsibilities with regard to establishing risk management strategies:

- a) engage with the Management Committee on the acceptance of compliance risks;
- b) advise, support and engage with the Management Committee on the mitigation of compliance risks;
- c) advise, support and engage with the Management Committee on the design and implementation of controls used to mitigate compliance risks;
- d) raise issues with the Management Committee that may have an impact on the suitability of mitigation activities;
- e) report risk mitigation actions to the Risks, Ethics and Controls Committee, the Management Committee and the Audit and Enterprise Risk Management Committee.

6.5.4 Departmental management is required to:

- a) ensure ownership and operational accountability for compliance risks;
- b) establish and implement specific, appropriate activities to mitigate compliance risks;
- c) ensure that UNISA meets its obligations and embeds activities to mitigate compliance risks in business activities;
- d) take the measures necessary to ensure that employee behaviour is appropriately compliant;
- e) include in all job descriptions and conditions of employment a clause that holds the employee responsible and accountable for meeting his/her obligations and commitments to UNISA.

6.6 Compliance risk monitoring

- 6.6.1 Compliance risk monitoring is the continuous process of examining whether sufficient compliance risk controls are designed and working effectively with the overall goal of being compliant with relevant legislation, regulations, internal policies and procedures.
- 6.6.2 Compliance risk monitoring makes it possible for UNISA to test if its mitigation strategies are working properly and to identify new and/or changed compliance risks.
- 6.6.3 The Directorate: Compliance will be required to fulfil the following roles and responsibilities with regard to Compliance risk monitoring:
- a) monitor progress of compliance risk mitigating actions until they are resolved;
 - b) work with the Management Committee to document an annual monitoring plan;
 - c) advice and support Departmental Management on monitoring compliance risk themselves; and
 - d) ensure resolution of, or escalate to the Management Committee or Audit and Enterprise Risk Management Committee unaddressed or overdue items.
- 6.6.4 Departmental management will be required to:
- a) work with the Directorate: Compliance to ensure appropriate evaluation of the monitoring activities;
 - b) address issues that arise out of monitoring activities;
 - c) assign roles, responsibilities and accountability in the business for remediation of issues;
 - d) define and formalise deadlines and milestones for remediation;
 - e) resolve issues in a sustainable manner within agreed deadlines;
 - f) provide the Directorate: Compliance with status updates on open compliance-related items until the issues are resolved.

6.7 Compliance reporting

- 6.7.1 Compliance reporting is the process of timely, accurate and complete reporting on compliance risk management to all required stakeholders at the appropriate level.
- 6.7.2 Reporting allows for communication and discussion of compliance risks and provide a platform to learn lessons within UNISA.
- 6.7.3 The Directorate: Compliance will:
- a) provide a comprehensive and actionable overview of key compliance risks to every Risks, Ethics and Controls Committee meeting;
 - b) advise management on lessons learned from incidents of non-compliance and implement controls to prevent future occurrences; and
 - c) keep accurate records of material breaches.
- 6.7.4 Departmental management will:

- a) where input in compliance reports is required, ensure accurate, complete and timely information and address any issues that may arise from reported items; and
- b) engage with Directorate: Compliance to develop lessons learned to help business prevent future events.

6.8 Compliance incident management

6.8.1 Incident management is the process of identification, handling and reporting of significant events defined as compliance incidents. These incidents are occurrences that could potentially have an impact on UNISA's reputation and/or are expected to have news value and/or which the Directorate: Compliance will report to the Management Committee.

6.8.2 The development and maintenance of an environment in which stakeholders are encouraged to report compliance incidents to management and/or the Directorate: Compliance is essential to ensure compliance within UNISA.

6.8.3 The Directorate: Compliance will create a process including tools for the recording, reporting and managing of incidents. It will be required of management to:

- a) develop and maintain an environment in which employees are encouraged to report compliance incidents;
- b) ensure that any suspected compliance incident is reported to the Directorate: Compliance; and
- c) assign roles, responsibilities and accountabilities in the business for the remediation of incidents.

6.9 Compliance training and awareness

A strong compliance risk management training and awareness program builds understanding of compliance risk management standards, processes and guidelines and reinforces UNISA's compliance culture.

The Directorate: Compliance will take the primary role in supporting management to educate UNISA employees on compliance matters and act as a contact point within UNISA for compliance queries from employees.

