

# SANTAM GROUP CONFLICT OF INTEREST POLICY



# CONFLICT OF INTEREST POLICY

## DOCUMENT PROPERTIES

Entity:	Santam Ltd
Document owner:	Risk Committee
Document name:	Conflict of Interest Policy
Document path:	J:\ERM\Policies\Conflict of Interest Policy\
Classification:	Internal

## VERSION CONTROL

Version	Date	Who	Saved As
1	19 July 2019	Helen du Toit	Santam_Group_Conflict_of_Interest_Policy_201907_v03.docx
4	21 Aug 2019	Helen du Toit	Santam_Group_Conflict_of_Interest_Policy_201907_v04.docx
5	26 Oct 2021	Helen du Toit	Santam_Group_Conflict_of Interest_Policy_2021_05.docx

## APPROVALS

Version	Approved by	Date approved
4	Santam Board	27 August 2019
5	Santam Board	26 October 2021

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# CONFLICT OF INTEREST POLICY

## 1. SCOPE

- 1.1 This policy is a Santam Group Policy and shall apply to all Santam Group Subsidiaries, Business Units, Divisions or Entities.
- 1.2 All individuals employed or contracted by the Santam Group in any capacity whatsoever, including directors, are subject to this policy and must ensure that they, at all times comply, with this policy.
- 1.3 Entities contracted to the Santam Group and its Business Entities as service providers or contractors must also ensure that this policy is complied with during the course of the relationship with the Santam Group.

## 2. PURPOSE

- 2.1 The purpose of the Policy is to set out the Santam Group's approach to the identification and management of all actual and perceived conflicts of interest which, may arise between a person subject to this policy and:
  - the Santam Group; or
  - A client or clients of the Santam Group; or
  - Any other stakeholder of the Santam Group.
- 2.2 Actual or perceived conflicts of interest that are not properly managed can have a significant reputational and financial impact on the Santam Group as well as its relationships with clients and other stakeholders. In determining whether a conflict is involved, there is no alternative for sound judgement based on the particular facts involved in each case.
- 2.3 The objective of this Santam Group Conflict of Interest policy is to provide a framework within which to address areas where conflict of interest may arise within the Santam Group.
- 2.4 The purpose of the Conflict of Interest policy is not to prevent employees from pursuing private or personal interests, but to govern any potential conflicts which may arise from such interests.

## 3. POLICY STATEMENT

- 3.1 The Santam Group requires every person to ensure that all actual, potential or perceived conflicts of interests are identified timeously, avoided as far as possible, managed appropriately where avoidance is not possible and at all times be declared to enable the mitigation of the risks associated with such conflicts.
- 3.2 In addition to identifying, managing and declaring all actual, potential or perceived conflicts of interests, extreme care should be taken to avoid any conduct that may or could be regarded as an attempt to exert influence in unduly favouring any party, including the offering, giving or receipt of any gift or gratification, which may have such effect.
- 3.3 Transparency is critical to the effective management of conflicts of interest and the associated risks. The Santam Group shall not tolerate any unmanaged conflicts of interests or any failure to declare such conflicts fully and timeously. Appropriate action will be taken by the Santam Group in all cases where this policy is contravened or not complied with.

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## 4. DEFINITIONS

The words and phrases in this paragraph will have the following meanings when used in this policy:

TERM OR ABBREVIATION	DEFINITION IN THE CONTEXT OF THIS POLICY
<b>Board</b>	The Board of Directors of a Santam Group Entity.
<b>Business Division</b>	A Business Entity that forms part of a Santam Group Entity, but operates independently of the other Business Divisions of that Santam Group Entity.
<b>Business Exco</b>	The Executive Committee of a Business Entity.
<b>Business Unit (Entity)</b>	The Santam businesses that perform the activities of a Business Cluster. Business Entities include Santam Group Entities, Business Divisions and business units subject to governance oversight requirements provided on a Cluster level.
<b>Clusters</b>	<p>The grouping of businesses controlled by a separate board of directors or a notional board established for governance purposes, with their own governance structures who report directly to the Santam Limited boards. Currently this includes:</p> <ul style="list-style-type: none"> <li>• Santam Commercial and Personal (Santam C&amp;P)</li> <li>• Santam Specialist</li> <li>• MiWay</li> <li>• Santam Re</li> <li>• Centriq</li> <li>• Santam Structured Insurance</li> </ul> <p>The definition of Cluster should not be confused with the reference to licenced entities.</p>
<b>Conflict of interest</b>	<p>Any situation in which a person to whom this policy applies has an actual, potential or perceived interest that may, in the discharge of that person's duty to the Santam Group, a client of the Santam Group or other stakeholder:</p> <ul style="list-style-type: none"> <li>• Influence or compromise the person's independence, sound judgement and the ability to make objective decisions; or</li> <li>• Prevent the person from acting in the interest of the Santam Group, the client or stakeholder.</li> </ul>
<b>Cluster Exco</b>	The Executive Committee of a Cluster.
<b>Exco</b>	The Santam Group Exco, Cluster ExcOs and Business ExcOs collectively unless specifically indicated otherwise.
<b>Family</b>	Includes a child, adopted child, spouse, life partner, parent, adoptive parent, grandchild, grandparent, brother, sister, cousin, niece, nephew, brother in law, sister in law, mother in law and father in law.
<b>Friend</b>	Someone who is known by the person and who is regarded by the person with loyalty and affection.

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<b>Group Associates</b>	Investments over which the Santam Group exercises significant influence and which requires the investment to be equity accounted in the group accounts, but in which the Santam Group has a direct or indirect shareholding of less than 50% of the entity's issued capital. It includes joint ventures that are equity accounted in the group account.
<b>Group CEO</b>	The Chief Executive Officer of the Santam Group.
<b>Group Subsidiary Companies</b>	A Santam Group Entity in respect of which the Santam Group exercises a level of control that requires consolidation in the Santam Group accounts (either due to equity holding or material influence), but excludes consolidated portfolio investment funds. In most cases the Santam Group will have a direct or indirect shareholding of more than 50% of the entity's issued capital.
<b>Group Entity</b>	A Legal Entity in the Santam Group, including groupings of such entities designated from time to time as financial conglomerates, insurance groups and insurance sub-groups in terms of the FSR Act, the Insurance Act or a similar act of another jurisdiction.
<b>Group Exco</b>	The Santam Group Executive Committee.
<b>Group Investments</b>	Group Subsidiaries and Group Associates collectively comprise Santam Group Investments. Portfolio Investments are not seen as a Group Investment.
<b>Licensed Entity</b>	An entity that is licensed or supervised by a designated authority defined by the FSR Act or the Insurance Act, also referred to as Insurer. These include Santam, MiWay, Centriq and Santam Structured Insurance (SSI).
<b>Santam</b>	Santam Limited
<b>Santam Group</b>	Santam Limited and all subsidiaries of Santam Limited as well as subsidiaries of subsidiaries.  The Santam Group does not have a separate holding company. Santam Limited includes the Santam operations and is fulfilling the holding company role for all the other companies in the group.
<b>Santam HRRC Committee</b>	The Santam Group Human Resources and Remunerations Committee

## 5. PROCEDURES FOR IMPLEMENTATION

### 5.1 Responsibility for implementation

- 5.1.1 It is the responsibility of every person to whom this policy applies to ensure that he/she complies with the provisions of the policy at all times.
- 5.1.2 Management within all the Group Subsidiaries and Business Entities will be responsible for the effective implementation of, monitoring of compliance with and enforcement of this policy in their respective areas.

### 5.2 Acknowledgement

- 5.2.1 All persons subject to this policy must be required to familiarise themselves with this policy and acknowledge by sign-off on the SAP human resources support system (HRSS) that they have read it, understood the content and agree formally to be bound by it.
- 5.2.2 Where certain Group Subsidiaries and Business Entities are not using SAP HRSS, sign-off as described above must be capable of being evidenced.

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## 5.3 Disclosure of conflicts of interest

- 5.3.1 All persons must disclose on an ongoing basis, in writing, the detail of any known, potential or perceived conflict of interest to their line managers or the person responsible for the management of the relationship between the Santam Group and the person making the disclosure.
- 5.3.2 Disclosures made by the directors of Santam Limited or the Group Chief Executive Officer (CEO) must be made to the Company Secretary of Santam Limited.
- 5.3.3 Disclosures made by the directors of Group Subsidiaries must be made to the Company Secretary of the specific Group Subsidiary.
- 5.3.4 An opportunity needs to be provided at every formal Board and Board Committee meeting, for the Directors, invitees and/or management representatives in attendance to each declare any potential, perceived or actual conflict of interest.
- 5.3.5 Disclosures should be made at the following times:
- At the time of appointment, contracting or recruitment of a person by a Santam Group Subsidiary or Business Entity;
  - Prior to becoming part of a new venture that potentially may lead to a conflict of interest;
  - When taking on new functions or roles within the Santam Group, including transfers from one Business Entity to another;
  - Whenever a conflict of interest arises or the person becomes aware of a potential or perceived conflict of interest; and
  - At least annually during the course of the relationship with the Santam Group.
- 5.3.6 Annual declarations must be made regardless of whether a conflict of interest exists or not. Where no actual, potential or perceived conflict of interest exists, a formal annual declaration to this effect must still be made in the manner prescribed in this paragraph.
- 5.3.7 Employees should make formal disclosures on the facility provided in the SAP human resources support system (HRSS) or any other appropriate record-keeping facility in use by a Santam Group Subsidiary or Business Entity, whenever a disclosure needs to be made in terms of this Policy.
- 5.3.8 Executive directors of Santam Limited must make disclosures in their capacity as director to the Company Secretary and in their capacity as executive management on SAP HRSS.
- 5.3.9 All disclosed information will be treated as confidential, unless additional disclosure is necessary in order to comply with regulatory requirements or is required in connection with a specific transaction or transactions.

## 5.4 Conflicts of interest provisions in contracts

- 5.4.1 A Request for Proposal or Tender must include a declaration by the respondent that no conflict of interest exists or it must provide an opportunity for the respondent to disclose any actual, potential or perceived conflict.
- 5.4.2 A specimen clause to be included in all third-party provider contracts is provided in Annexure B. This clause is illustrative only and the wording may be adapted. The Santam Business Integrity and Compliance Unit may also issue additional guidance on contractual clauses. Santam Group Subsidiaries and Business Entities must at all times consult their legal advisors before contracting with third-party service providers.

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## 5.5 Management actions

- 5.5.1 In the event of a disclosure of a conflict of interest, the appropriate level of management must review the severity of the potential impact of the conflict and decide on an appropriate action. The materiality of the risk will be determined by the role and responsibilities of the person making the disclosure, as well as the nature and type of direct or indirect interest declared.
- 5.5.2 The Santam Group Human Resources and Remunerations (HRRRC) Committees are responsible for the review and approval of disclosures made by directors of Santam Limited. Cluster Human Resources and Remuneration Committees will be responsible for the review and approval made by directors of legal entities within the specific Cluster.
- 5.5.3 Any decision made with regard to the disclosure must be stored with the contract of the director. Management will be responsible for the review and approval, or not, of all other disclosures. Any decisions made by management regarding disclosures by employees must be captured on the SAP HRSS or any other appropriate record-keeping facility.
- 5.5.4 In dealing with a disclosure of an actual, potential or perceived conflict of interest, three options are available to the decision maker:
- Approve and allow the disclosed interest;
  - Conditional approval of disclosed interest; or
  - Disallow the disclosed interest.
- 5.5.5 If the disclosed interest is considered to not constitute a conflict and does not expose the Santam Group to any reputational, financial, and regulatory or conduct-risk, the interest may be approved and allowed. The decision must be documented. In the case of an employee, the decision must also be captured on SAP HRSS or any other appropriate record-keeping facility and the employee is thereafter responsible for disclosing any change in the nature of the interest. Management of the employee is responsible for monitoring the risk of the potential conflict.
- 5.5.6 In some instances, the conditional approval of a disclosed interest may be warranted. This conditional approval may be granted where the day-to-day activities of the person making the disclosure constitutes a minimal risk for conflict of interest and/or appropriate management actions have been implemented to mitigate the risk.
- 5.5.7 The conditions of the approval must be clearly documented and communicated and persons making the disclosure should not participate in any subsequent discussions or decisions on matters related to the disclosed interest.

## 6. INTOLERABLE CONFLICTS OF INTEREST

- 6.1 Certain activities or private or personal interests may lead to a conflict that presents an intolerable degree of risk to the Santam Group and must not be allowed. The decision and the reasons for not allowing the conflict to continue must be clearly documented and communicated to the person making the disclosure.
- 6.2 When a decision is made not to approve a disclosed conflict of interest, the person should be allowed reasonable time to cease being involved in the conflict situation.
- 6.3 If an employee is not in agreement with the decision made by management, the employee may appeal the decision following the process designed by the Group Business Integrity and Compliance Unit.

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6.4 Annexure A provides examples of scenarios where conflicts of interests may present an intolerable risk, but this is not an exhaustive list. The Santam Group Business Integrity & Compliance Unit may, from time to time, publish guidance with additional scenarios which should be read with this policy and should serve as guidance under this Policy.

## 7. ANNUAL REPORTING TO THE SANTAM GROUP BOARD COMMITTEES ON CONFLICTS OF INTEREST

7.1 An annual report must be submitted to the Cluster HRRC's and then to Santam Group HRRC and SesCo on the status of conflicts of interest management within the Santam Group. The report must be submitted by the Santam Group Business Integrity and Compliance Unit or Cluster HR Executive, as the case may be, and should include per broad category of conflict (e.g. directorships, private business, family members, close friends):

- A summary of the number of employees who have disclosed interests;
- A summary of the number of conditional approvals, and conflicts disallowed;
- Some indication of high-risk areas of conflict of interest; and
- A summary of the conflict of interest disclosure and management actions of third-party providers.

7.2 The Cluster HRRC's and the Santam Group HRRC's are responsible to ensure that the disclosure and approval processes are applied consistently throughout the Santam Group.

## 8. BREACH OF THIS POLICY

8.1 A failure by a person to provide a disclosure in circumstances where a disclosure is required under this Policy, will be a transgression of the Santam Group Code of Ethics and this Policy and will be dealt with in terms of Santam's or the entity's disciplinary code.

8.2 Material transgressions of this Policy may result in termination of the employer-employee relationship and even civil or criminal prosecution. Contracts for temporary employees and vendors must include the necessary termination- or penalty clauses to manage the risk of conflicts of interest. The Santam Group HRRC's must consider any breach of this policy by a director or a member of executive management and determine appropriate actions.

## 9. RELATED POLICIES

This Policy should be read with the:

- Santam Group Code of Ethics;
- Santam Group Business Integrity Policy;
- Santam Group Anti-Bribery and Anti-Corruption Policy;
- Santam Group Policy on the Giving and Receipt of Gratifications; and
- Santam Group Conflicts of Interest Management Policy in terms of the Financial Advisory and Intermediary Services Act (FAIS)

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## 10. APPENDIX A: ACTIVITIES OR PRIVATE OR PERSONAL INTERESTS THAT ARE NOT ALLOWED

Activities or private or personal interests that are not allowed include, but are not limited to:

- Discussion on the performance or decisions that may influence contracting of any third party (including, but not limited to, suppliers, clients or business partners) of which the employee or a family member is a material investor, or from which they gain or expect to gain a financial benefit;
- Using any confidential information for private gain or communicating this information to third parties, whether at a fee or not, to enable them to conclude contracts with the Santam Group;
- Insider dealing: Use of knowledge gained that is not public, during your association with the Santam Group activities, to your advantage;
- Using the Santam Group property for private interest. This includes the use of software licensed to the Santam Group, for private consulting work or excessive use of the Santam Group communication network for private interest;
- Participation in any external activity which competes with the business of the Santam Group;
- Participation in any external interest that places a high premium on the employee's time and energy and interferes with the employee's ability to fulfil their Santam Group role and responsibilities. This includes, but is not limited to running a personal business during working hours;
- Approaching clients, suppliers and/or business partners of the Santam Group for personal use or building up a personal business; and
- Neither employees nor their family members should have any interest or investments in a business partner or supplier of the Santam Group that would or could create a conflict of interest. Conflicts of interest would not arise out of merely holding non-controlling shares in such a company. However, it could arise if for example an employee has shares in a family company that is a supplier to the Santam Group and where the employee is able to influence decision making regarding the awarding of contracts to that supplier.

## 11. ANNEXURE B: DRAFT CONTRACTUAL CLAUSE FOR THIRD-PARTY PROVIDERS

” The Vendor shall take all necessary steps to avoid any risk of conflict of interest by the employees, directors or major shareholders of the Vendor, and to ensure that the services/products under this contract are not in conflict with any of its other activities or services. The Santam Group reserves the right to verify the adequacy of these measures and may require additional measures to be taken if deemed necessary.

Should such a conflict arise, the Vendor undertakes to remove such conflict immediately, without any compensation from the Santam Group.

The Vendor undertakes to disclose to the Santam Group annually before 31 January each year for the duration of the contract, any actual, potential or perceived conflict of interest disclosed by any of its employees or directors or major shareholders, with regard to the Santam Group, or any conflict with the business of the Santam Group.

The disclosure should include information on all activities or interests that create or potentially can create a conflict of interest, and should include full details of the relationships involved. It should also include information on the actions taken by the Vendor to eliminate these conflicts.

Should a conflict of interest arise during the year, the Vendor shall notify the Santam Group in writing within 7 (seven) business days from becoming aware of such conflict of interest.

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*The Vendor shall abstain from concluding any contract likely to compromise the independence of the Vendor in delivering the contracted service and/or product to the Santam Group.*

*The Vendor warrants that, to the best of its knowledge and except as disclosed, there are no relevant circumstances which could give rise to conflicts of interest in the delivery of the contracted service/product to the Santam Group”*