



# SANTAM CONFLICT OF INTEREST POLICY

## 1. PURPOSE OF THIS POLICY

Integrity builds trust and Santam's real value is the trust its clients, business partners and shareholders have in them to do insurance good and proper. Trust is built by being objective, fair and transparent and not letting private interests interfere with Santam's interest, as stated in the Santam Code of Ethics.

The purpose of this policy is to provide clear direction and policy regarding the management of conflicts that are anticipated in the Code. It refers to instances of private interests, as well as the receiving and giving of gratuities.

## 2. DEFINITIONS

Below is a summary of the most important definitions:

- 2.1 A conflict of interest exists where our judgement, objectivity, independence and ability to make impartial business decisions, is compromised. This can arise in the following instances:
  - When employees have private interests that interfere with their official duties; and
  - Where the giving or receiving of a gratuity could unduly influence a business decision.
- 2.2 "Private interest" refers to a direct or indirect interest (financial or otherwise), and includes the provision of an advantage to other parties, including family and friends.
- 2.3 "Gratification"<sup>1</sup> when used in this policy has the meaning assigned to it in the definition clause of the Prevention and Combating of Corrupt Activities Act (the anti-corruption Act), no. 12 of 2004. The definition of gratification includes, but is not limited to, any gift, the conveyance of anything of value, entertainment or hospitality.
- 2.4 "Pre-clearance" means approval prior to a transaction or act.
- 2.5 "Official duty" is the duty an employee owes to Santam, its clients, employees or other parties by virtue of holding an office or acting in an official capacity.

1. "gratification" includes:

- (a) money, whether in cash or otherwise;
  - (b) any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage;
  - (c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;
  - (d) any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;
  - (e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
  - (f) any forbearance to demand any money or money's worth or valuable thing;
  - (g) any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;
  - (h) any right or privilege;
  - (i) any real or pretended aid, vote, consent, influence or abstention from voting; or
- any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.



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- 2.6 Family will include parents, siblings, children, grandchildren, grandparents, cousins, nephews and nieces; married relations such as spouses, brothers-in-law; sisters-in-law, and ex-spouses; legalised family relations such as adopted children, adoptive parents, adopted grandchildren, etc; long term permanent relationships; and business belonging to the parties mentioned in this definition.
- 2.7 A friend (in this policy) refers to someone who is known well and is regarded with loyalty and affection and with whom an employee has a business relationship.
- 2.8 Santam refers to all entities in which Santam Limited holds the majority of voting rights and has sole control over such rights by way of agreement, has control of the board of such entity, the right to appoint the majority of directors to the board of such entity or any entity which Santam Limited regards as strategic.
- 2.9 Employees include all directors and fulltime employees of Santam; all employees in a group shared service business unless they are governed by a similar policy approved by their board; and all contracted employees in Santam with contracted terms of more than three months.

## 3. APPLICATION AND SCOPE

This policy applies to all employees as defined.

Partnering companies, such as suppliers, joint ventures and intermediaries, not under Santam's control are encouraged to adopt similar principles and standards.

This policy is effective from 1 September 2014 and should be reviewed frequently. Any changes must be communicated to all employees.

The policy should be read in conjunction with:

- Conflict of Interest Management Policy (related to Financial Advisory and Intermediary Services Act, 2000 (Act No. 37 of 2002) ("FAIS"));
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- Santam Code of Ethics;
- Santam Group Governance Policy (for application within the Santam Group); and
- Santam Expense Policy.

## 4. GOVERNANCE

Audit and Forensic Services will be responsible for the administration and review of this policy.

All disclosed information will be treated as confidential and will generally be made available only to the Chairman of the Santam Board, Santam Board Committees, Exco members, Audit and Forensics and appropriate HR Consultants, unless additional disclosure is necessary in connection with a specific transaction or transactions.

Appropriate reporting must take place to the relevant Board/management team.



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## 5. PRIVATE INTERESTS

### 5.1 General prohibition

Private interests should not interfere with Santam's interest.

Personal or private interests can interfere or have the potential to interfere with professional responsibilities and objective judgment and could have a significant reputational and financial impact on Santam as well as on relationships with third parties. In determining whether a conflict is involved, there is no alternative for sound judgement based on the particular facts involved in each case.

The purpose of the policy is not to prevent employees from pursuing private or personal interests. However, where it is not possible to avoid any act, action or reward that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact and it must be appropriately disclosed (declared) in writing to all parties involved at the earliest reasonable opportunity.

### 5.2 Specific prohibitions

Certain activities or "private or personal interest" may have a high degree of risk to Santam and should not be allowed. Activities or "private or personal interest" that are not allowed include, but are not limited to the following:

- Any instance where the employee, by virtue of their position / employment, is in a position of influence regarding the employment conditions or status (e.g. work assignments, performance measurement, compensation or contracting) of a friend or family member;
- 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 Santam;
- Insider dealing: use of knowledge gained that is not public, during an employee's association with Santam activities, to their advantage;
- Using Santam property and resources for private purposes. This includes the use of software licensed to Santam, for private consulting work or excessive use of the Santam communication network for private interest;
- Participation in any external activity which competes with the business of Santam;
- 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 fulfill their Santam role and responsibilities. This includes, but is not limited to running a personal business during working hours;
- Approaching clients/vendors of the company for personal use or building up a personal business;
- Neither employees nor their family members should have interests or investments in a competitor, client, partner, or supplier of Santam that would create a conflict of interest. Conflicts of interest would not usually arise out of merely holding shares in such a company. However, conflicts would arise if, for example, an employee had shares in a family company that was a supplier to Santam and the employee was able to influence decision-making regarding the award of contracts to that company.



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## 5.3 Procedure for declaring conflicts of interests

### 5.3.1 General procedure – all employees

Prior to contracting or transacting, an employee must disclose a known potential conflict.

All employees must disclose on an on-going basis in writing, any known or potential conflict of interest to their line managers.

Disclosures should be made in a standardised format on SAP according to the following situations and/or timeframes:

- All new employees or employees taking on new functions or roles within Santam must as part of their contracting complete the disclosure form, but before the changes to their role become effective.
- All employees must complete the disclosure form before they commit to a new venture that potentially may affect a conflict of interest.

When an interest is conditionally approved or declined, the employee has the right to one appeal (per conflict) to the Head: HR. The appeal should be lodged in writing within 14 days of the decision by management and must include all information disclosed by the employee, as well as the motivation by management. The option to appeal must also be recorded on the SAP system, by the manager concerned.

### 5.3.2 General procedure – managers

The relevant manager of the employee 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 employee, as well as the nature and type of direct or indirect personal or private interest.

Management has three options when dealing with a potential conflict of interest, namely:

- Approve and allow the “private or personal interest” if the disclosed conflict does not constitute a conflict of interest and does not expose Santam to any reputational or financial risk.
- Conditional approval of “private or personal interest”
  - In some instances the “private or personal interest” constitutes a minimal risk and can be conditionally allowed.
  - The conditions must be clearly documented and communicated to the employee.
- Disallow “private or personal interest”
  - Certain activities or “private or personal interest” may have a high degree of risk to Santam and must not be allowed.
  - The conditions must be clearly documented and communicated to the employee.
  - The employee should be given a reasonable time to cease being involved in the conflict situation.
  - Refer to this policy for guidance on conflicts that are not allowed.



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## 6. GRATUITY AND ENTERTAINMENT

Employees should exercise caution in regard to any offers of value, including hospitality, entertainment and gratuities.

### 6.1 General prohibition

In accordance with an employee's obligation to act in the best interest of Santam, an employee may not, directly or indirectly

- accept, or agree or offer to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person;

or

- give or agree or offer to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person.

*(Gratuities may only be accepted or offered as stipulated in clause 6.3).*

### 6.2 Specific prohibitions

The following activities or "accepting or offering of gratuities" are not allowed, including, but not limited to the following:

- Employees, nor their family, must not accept or offer gratuities of any kind in circumstances that could be reasonably regarded as unduly influencing the recipient or creating business obligation on the part of the recipient.
- No employee may accept personal favours or special treatment due to their position in Santam, as this could cause the employee to be indebted to the supplier of the favour.
- The following items must not be given or accepted under any circumstances, regardless of their value: cash or cash equivalent (including vouchers); drugs or other controlled substances; product or service discounts that are not available to all employees; personal use of accommodation or transportation; and payments or loans to be used toward the purchase of personal property.
- Under no circumstances should an employee request a gratification of any kind from a supplier, customer, or other party with whom Santam conducts business. Any doubt about an item's value or its implications in relation to an actual or perceived conflict of interest, should be discussed with management.

This policy does not apply to bona fide donations made on behalf of any company or business in Santam or any expenditure that falls within the ambit of corporate social investment (CSI).

### 6.3 What is allowed?

The following instances of gratuity and entertainment are allowed:

- **Entertainment**  
Employees may be required to entertain or be entertained by clients and business associates. Valid entertainment expenses include meals, cocktail parties and personal invitations such as theatre and sporting events taken with potential or actual clients. The employee extending the invite must be present at the function. Employees in the same location should not entertain each other and expect the Company to pay the expenses.



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The requirements of the Conflict of Interest Management Policy (related to Financial Advisory and Intermediary Services Act, 2000 (Act No. 37 of 2002) (“FAIS”)) must be adhered to by appropriate parties.

- **Gratuities**

Accepting or offering of gratuities is acceptable if they:

- Are modest or of a promotional nature, such as calendars, diaries and other similar articles;
- Are below R750 in monetary value and does not impair the independence or objectivity of the employee acting in his or her capacity as an employee of Santam;
- Are above R750 in monetary value and approved prior to acceptance or offering (refer to 6.3.1);
- Do not constitute a contravention of the anti-Corruption Act; and
- Will not embarrass Santam or the employee if publicly disclosed.

### **6.3.1 Procedure of acceptance and giving of gratuities above R750**

Transparent processes are in themselves a defense against allegations of corruption and impropriety.

The acceptance or offering of the following gratifications will be subject to pre-clearance:

- Any gratification given to, offered to, offered by or accepted from government officials or parties to a tender or contract; and
- All gratifications received, declined, offered or given by a person subjected to this policy exceeding R750.

Any Santam business can apply more stringent requirements to control the acceptance or offering of gratuities.

### **6.3.2 Role of employees**

All employees must disclose on an on-going basis in writing, any gratuity received exceeding R750 in estimated value.

Where the combined value of all gifts received by a person governed by this policy from a single donor, or multiple individual donors representing the same business entity or interest group, in a three month period exceeds R750 such accumulation of gifts must be recorded in the applicable register in the same format as described above.

### **6.3.3 Role of managers**

The relevant manager of the employee must review the declaration and decide on an appropriate action. The materiality of the risk will be determined by the role and responsibilities of the employee, as well as the nature and type of the gratuity received or given.



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## ADDENDUM A: EXAMPLES OF PRIVATE INTEREST

The provisions of this policy may be supplemented or clarified by guidance issued in the form of annexures to this policy or separate practice notes. Annexures and practice notes will be published on the Intranet after approval by the Santam Exco and shall be considered to be part of this policy.

**Q:** My husband works for a local company that we procure from. Sometimes I am responsible for purchasing supplies from them. What should I do?

**A:** Declare the conflict and advise your manager or supervisor. You should be removed from any transactions involving your husband's company. A competitor of your husband's company could claim that you are discriminating in his favour.

**Q:** My wife works for one of Santam's competitors. Does this constitute a conflict of interest?

**A:** No. However, you should discuss the situation with your manager or supervisor to make sure you are not given assignments that would create a conflict of interest.

**Q:** A family member provides services to Santam. Does this constitute a conflict of interest?

**A:** In exceptional circumstances particular arrangements may be authorised, but Santam generally prohibits business dealings with employees' family members. Family ties can interfere or has the potential to interfere with professional responsibilities and objective judgment and could have a significant reputational and financial impact on Santam as well as on relationships with third parties. Regardless of your family members' rates, Santam will not hire them as a contractor if they will be working under your supervision or if you have any influence over the decision to employ them.

**Q:** Before joining Santam, I was a director of a company that now is a supplier to Santam. Does this constitute a conflict of interest?

**A:** Yes. You must advise your manager or supervisor of the situation, and declare the interest. It is the manager's responsibility to ensure that the matter is properly reviewed, including whether it is appropriate for you to resume in any discussions or activities that involve the conflict.

**Q:** My best friend from grade one, someone who is trustworthy and whose conduct is beyond reproach, has set the best price for given deal. Does this constitute a conflict of interest?

**A:** Yes. You must advise your manager or supervisor of the situation, and declare the interest. You should excuse yourself of any discussions or activities that involve the selection process. The transaction should be conducted at arm's length and you should in no way influence the selection process.

**Q:** I want to buy shares in a listed company that has an interest in one of our subsidiaries, associates or joint ventures. May I buy the shares? Does this constitute a conflict of interest?

**A:** Yes, it may. If you are in anyway involved with the subsidiary, associate or joint venture, you are privy to insider information that gives you an unreasonable advantage over someone who does not have the same information. Anybody involved in such a situation may not buy or sell shares in the listed company.



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## ADDENDUM B: EXAMPLES OF GIFTS AND ENTERTAINMENT

The provisions of this policy may be supplemented or clarified by guidance issued in the form of annexures to this policy or separate practice notes. Annexures and practice notes will be published on the Intranet after approval by the Santam Exco and shall be considered to be part of this policy.

Q: I received two rugby tickets from a business partner, but I am unsure if I may accept the offer or the value thereof. How do I know if I need to disclose it?

A: The policy states that personal invitations (like sporting events) may be seen as entertainment. The following yardsticks may be used:

- Is the entertainment dependent upon the existence of a business relationship that would benefit the Santam?
- The travel expenses should be paid by Santam
- Is the person who extended the invite present at the event?

You do not need to disclose items below R750, unless people could reasonably construe them as influencing your business decision. You should use your best judgment to estimate the value of the gift you received and the need to disclose the matter. Remember to include the drinks and refreshments in the value. Discuss the matter with your manager. If in any doubt, always err on the side of disclosure.

Q: I have received an invitation from a supplier to attend a two day exhibition event at Sun City, all expenses paid, for my partner and I. May I accept this offer? Is it deemed entertainment or a gift? Should I disclose and enjoy the outing?

A: Firstly, all gratifications of more than R750 needs to be pre-cleared and disclosed, whether it be deemed entertainment or gifts. The policy states that entertainment should consist of meals, cocktail parties or personal invitations (theatre or sporting events). In this case the real question that needs to be answered is if this gratification “could be reasonably regarded as unduly influencing the recipient or creating business obligation”. The following yardsticks may be used:

- Does the gratification make me feel uncomfortable?
- Can it have a negative impact on Santam’s reputation?
- Is it common practise, or an extraordinary event?
- Is the value of the gift extravagant, can I return the favour?
- How does it make me feel?
- How would my chairman feel?
- Does Santam incur/infer any costs for Santam?
- How would it look in tomorrow’s newspaper?
- Is it legal?





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Q: I have been finalising an important contract with a supplier who has just sent me a gift voucher. How do I tell the difference between a gift and a bribe and should I keep it?

A: The supplier may be acting with good intent but with very poor judgment, particularly given the timing of the gift. It is important that you disclose any offers of this type. You should return the voucher to the supplier and explain our policy. This policy strictly prohibits the receiving of cash equivalents or vouchers. It is sometimes difficult to tell the difference between a gift and a bribe. A bribe is usually offered in secret and gifts are offered openly as a gesture of goodwill. A gift is intended to recognise and to enhance a business relationship whereas a bribe creates an obligation on the recipient