



**HULAMIN**

# **CONFLICT OF INTEREST AND GIFT POLICY**

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## CONFLICT OF INTEREST AND GIFT POLICY FOR EMPLOYEES

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## **1. INTRODUCTION**

- 1.1. Hulamin expects a high standard of business integrity from its employees, directors and other representatives and for these parties to always act in the best interest of the company. This includes avoiding any practice which could result in a conflict of interest or a perceived conflict of interest. In maintaining this high standard, Hulamin requires that its employees, directors and other representatives should not be subject to, or even appear to be subject to underhanded influences, interests or relationships which have the potential to be in conflict with the company's best interest.
- 1.2. Hulamin does, however, recognise that circumstances which are beyond the control of individuals or groups may lead to actual or perceived conflicts of interest. For example, a director may be a long standing shareholder of a Hulamin business partner and be perceived to have a conflict of interest at face value. Nonetheless, such a circumstance must be managed in line with the provisions of the Companies Act, 2008 and the Board Charter. Both these documents call for disclosure, and as necessary, recusal of such a director from any related Hulamin discussions.
- 1.3. Data, information and knowledge gained through employment or engagement with, or on behalf of the company, must not be used – either directly or indirectly - for private benefit. Furthermore, this information should not be used in such a manner that it leads to a conflict or perceived conflict arising between the company's interest and personal interests of employees, directors and other parties representing Hulamin.
- 1.4. If employees feel that a course of action, which they have pursued or are pursuing or are contemplating following, may involve or arise in a conflict of interest or create the perception of a conflict of interest, they should immediately make all the facts known to their immediate manager.
- 1.5. This policy applies irrespective of the individual's position, location, seniority or whether they are temporary, contractors or permanent and to direct or indirect family of the employee, directors, and other representatives of Hulamin.

## **2. PURPOSE OF THE POLICY**

The purpose of this Policy is to:

- 2.1. Set out that Hulamin expects its employees, directors and other parties representing the company to perform their duties in the best interest of the company, its directors, shareholders and stakeholders. This must be done by displaying the personal characteristics outlined in the King IV Code on Corporate Governance (King IV), namely: integrity, competence, responsibility, accountability, fairness and transparency.
- 2.2. Outline Hulamin's specific policy stance to conflicts of interest, to the acceptance and offering of gifts or other gratuities, and to nurture ethical conduct in the workplace.
- 2.3. Provide a basis, as and when required, to enforce the punitive and selected legal provisions contained in this policy and in the Companies Act, 2008 which encourages the avoidance of conflicts of interest and provisions for managing unavoidable conflicts of interest, and the Prevention and Combatting of Corrupt Activities Act, 2004 (PRCCA) which forbids the illicit acceptance of gratuities such as gifts in relation to carrying out a person's duties. This enforcement includes accountability measures such as disciplinary action, the recovery of losses incurred by Hulamin, termination of contracts, and consideration of criminal prosecution against individuals or groups.

- 2.4. Provide employees with guidelines for making decisions when confronted with potential or actual conflicts of interest situations, and to set out guidelines for offering and accepting gifts or other gratuities.

### 3. SCOPE AND APPLICATION OF THE CODE

- 3.1. This Policy and related regulatory provisions (Companies Act, 2008; PRCCA; and King IV) applicable to conflicts of interest and acceptance and offering of gifts and other gratuities is applicable to Hulamín employees, directors and other parties representing Hulamín,
- 3.2. **A conflict of interests relates to** a conflict or perceived conflict between Hulamín’s interests and the direct or indirect private interests of an employee, director or other party representing Hulamín. A conflict of interest could improperly influence, or be perceived to influence, the performance of a person’s duties or responsibilities. It could arise where an individual, a member of his/her immediate family, or a business with which the employee or employees’ family is associated obtains gain, advantage or profit (financial or non-financial) by virtue of the Hulamín representative’s position with the company or data, information or knowledge gained through that position.
- 3.3. **A gift or gratuity is** an item of financial or intangible benefit that is offered without any condition by the giver or the receiver. It is given and received without any expectation of undue business or personal advantage in relation to the duties of the giver or receiver. It should not be given or taken in violation of any law or a known policy of the giver or the receiver. There should be no expectation that there will be any reciprocal return of the gift to, or by, a Hulamín representative, neither as an expression of appreciation nor of goodwill. A gift may not include cash, a cash equivalent (such as gift certificates or vouchers) or tips in any form whether monetary or otherwise.
- 3.4. **Corporate branded gifts, common business courtesies and promotional items** with an advertising message, tickets to sporting events, meals shared during meetings are generally offered as customary market-place practices. These may be accepted subject to the determinable monetary value of the gift not exceeding R500 (Five hundred Rand). Gifts in excess of R500 should never be accepted without the prior consent of Hulamín executive management. Employees accepting gifts in excess of R500 will be required to pay in the difference of the value of the gift over the R500 cap. Thereafter, recorded in a gifts register, subject to audit, for the sake of transparency and mitigation of the risk of accusations of illicit conduct and bias.
- 3.5. **Expensive business gifts** such as holidays, game hunting trips, trips to sporting events, golf events, and health spa treatments have become regular business courtesies, particularly offered by large corporate organisations. These expensive business courtesies should never be offered or accepted without the prior consent of Hulamín executives. Thereafter, they should be recorded in a gifts register, subject to audit, for the sake of transparency and mitigation of the risk of accusations of illicit conduct and bias.
- 3.6. **Sponsorships, donations and other corporate social solicitations** should not be petitioned by employees, directors or other representatives of Hulamín, without the express permission of executive management and/or the Chairman of the Board, as appropriate. Such soliciting can only be for the benefit of Hulamín and its stakeholders.
- 3.7. Finally, in summary, **the test** is that a gift, business courtesy or solicitation must, whether

given directly or indirectly offered or received, meet the following pre-conditions:

- (a) Prior executive management permission must be secured before acceptance or offering;
- (b) It must be transparent, disclosed and recorded for future investigation or enquiry should accusations of illicit conduct be made;
- (c) It must not be of excessive financial or intangible value;
- (d) It must be consistent with customary practices of the market-place;
- (e) It may never be offered or accepted without prior permission;
- (f) It must be pro-actively investigated;
- (g) It should never be offered or accepted subject to any set pre-condition; and
- (h) It should not be offered or accepted before, or during the negotiation of contracts, the procurement process, recruitment process or any other decision-making process of Hulammin that is not finalised.

3.8. Parties representing Hulammin are expected to carry out their duties in an objective, fair and impartial manner. This means that when a reasonable and informed third party assesses one's business conduct, they must be satisfied that the Hulammin representative was not unduly influenced, biased or in conflict with set policies when making decisions. A party representing Hulammin may not enter into agreements in their personal capacities that would be in conflict with the interest of Hulammin or the associated entities.

Employees may not abuse their position and/or designation and / or title to misrepresent their authority to act and / or their legal capacity to contract with third parties in contravention with any South African law.

3.9. Failure to observe the provisions of this Policy could result in the corrective actions outlined in paragraph 2.3 above.

#### 3.10. Important Definitions

3.10.1. Close Relationship: means a relationship supported by documentary evidence of a spouse, parent, sibling, child, father-in-law, son-in-law, daughter-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, grand child or spouse of a grandchild, and any blood relative within three degrees of consanguinity;

3.10.2. Direct / Immediate Family: means a parent, spouse, child, brother, sister, grandparent or grandchild;

3.10.3. Indirect Family: means a person not in your direct family but with whom you have a close relationship;

3.10.4. Direct Business Interest: means an interest that is held in the name of the individual.

3.10.5. Indirect Business Interest: means an interest, claim, right, legal share, or other financial stake in a person or other entity with who Hulammin does business.

### **4. PRIVATE WORK AND BUSINESS INTERESTS**

4.1. Employees and Hulammin representatives have a responsibility to make sure that their personal business and remunerative activities and those of their immediate family members do not conflict with the employee's responsibilities and duties as a Hulammin representative.

4.2. Considerations by the Hulammin employee or representative and by either executive management or the Chairperson of the Board - as appropriate - must take into account whether the personal business and other remunerative activities place an excessive and/or competing demand on the Hulammin employee or representative's time, attention and energy, which would reduce their best efforts in relation to carrying out their remunerated Hulammin duties. This assessment must include ascertaining whether the private work or business interest in question presents a distraction, would interfere with or appear to interfere with their independent exercise of objectivity and fairness in Hulammin's best interest.

4.3. If an employee or Hulammin representative wants to carry out any remunerative private work

## Annexure A

or business activity, he/she must secure the approval of the Human Resource Executive who will then assess whether such activity presents a conflict with Hulamin's business and those of its trading partners and customers. Failure to secure such approval will be considered a violation of this policy and subject to the repercussions recorded in paragraph 2.3 of this policy.

- 4.4. Board members must fully disclose all their business activities to the Chairperson of the Board who will then consider whether or not this poses a conflict with Hulamin and its trading partners' interests.
- 4.5. Examples of private work and business interests falling within the ambit of this policy, include but are not limited to, employment with, holding an official position, or investing in a Hulamin supplier or other trading partner, any other vested interest, or employment for remuneration outside of Hulamin, receiving personal remuneration or other compensation (financial or intangible) from a trading partner or competitor of Hulamin, and using proprietary or confidential company information for personal gain.

## 5. PERSONAL INVESTMENTS

- 5.1. The right of all employees to make personal investment decisions as they see fit is respected, as long as these decisions do not contravene the conflict of interest provisions of this policy, any applicable legislation, policies or procedures established by the various operating areas of the company, and provided these decisions are not made on the basis of material non-public information acquired by reason of any employee's connection with the company. Employees should not permit their personal investment transactions to have priority over transactions for the company and its clients.
- 5.2. When considering the application of this section, employees should ensure that no investment decision is made for their own account with anyone with whom they have a close relationship, or which could adversely influence their judgement or decisions in the performance of their duties. In addition, employees who are in possession of material non-public information shall not use this information themselves nor pass such information on to others for their use.
- 5.3. Employees involved in performing investment activities on behalf of the company and those who by the nature of their duties or positions are exposed to price-sensitive information, are subject to additional rules governing personal investments. These may be imposed by the Companies Act, Stock Exchanges, Securities Regulation Panel and other regulatory bodies, industry associations and management. The rules include requirements for employees to:
  - a) obtain prior approval for, and to report on their personal investment activity and the investment activity of those persons who are exposed to price-sensitive information; and
  - b) refrain from dealing in the Hulamin shares during certain restricted periods.

## 6. DECLARATION OF INTERESTS

- 6.1. As a general rule, employees will be obliged to provide Hulamin with a completed and signed Declaration of Interest form, attached hereto as Annexure A, that will be provided by the Human Resources Department.

- 6.2. The Declaration (disclosure) of Interest form contemplated in clause 6.1 shall enable employees to disclose the nature and extent of interests, as well as the types of interests, including private work interest that could possibly be relevant, such as directorships, direct and indirect shareholding in other entities and the nature of immediate family relationships.
- 6.3. The disclosure contemplated in clause 6.2, shall, as a general rule, be done annually on or before 31 January . The duty to declare interests is an ongoing one. Employees must ensure that they disclose any change of circumstances immediately, despite having made earlier declarations.
- 6.4. Employees should submit the completed declaration of interest form, where possible electronically to the HR Administrator's email@hulamin.co.za, or by hand to the HR Administration office.  
Executive and non-executive directors should submit their completed declaration of interest forms electronically to the company secretary at [secretarial@hulamin.co.za](mailto:secretarial@hulamin.co.za) or by hand to the office of the company secretary.
- 6.5. The HR Administrator will have the duty to record the declared conflicts of interest into the Conflict of Interest Register and the company secretarial assistant will have the duty to record the conflicts of interests of the executive and non-executive directors.
- 6.4. In addition to the general disclosure contemplated in clause 6.2, should Hulamin be entering into a contract with a third party, in which an employee has a material interest, albeit directly or indirectly, or where the employee is aware that a person or entity related to the employee concerned has a material interest, such an interest has to be disclosed in writing at or before the meeting at, which the question of confirming or entering into the contract is first taken into consideration. An interested employee must recuse himself/herself from the meeting for the duration of the debate and/or discussion of the relevant contract after having disclosed his/her interest.

## **7. DECLARATIONS AND DISCLOSURES OF CONFLICTS OF INTEREST IN SPECIFIC EVENTS**

### ***Declarations of interests at meetings***

- 7.1. It is a requirement that at the beginning of every Board, Committee or decision making meeting that members and those in attendance, be required to declare their interests in relation to any items on the agenda. Where a potential or actual conflict of interest is evident or the member has a financial interest in the matter under discussion, that person shall withdraw from discussions pertaining to that agenda item and shall not vote upon it. This must happen only after making a full disclosure of the interest. The actual or potential conflict of interest, and the action taken to mitigate it, will be recorded in the minutes of the meeting and the conflict of interest register must be updated as necessary.
- 7.2. Where it becomes evident during the meeting that there may be an actual or potential conflict of interest, the individual must declare and fully disclose the matter immediately to the chairperson of the meeting and recuse him/herself from the meeting. They must, however, still make a full disclosure to enable the participants at the meeting to continue with deliberations in their absence.
- 7.3. Under certain circumstances, the Chairperson may choose to waive the need for the individual to leave the meeting, so long as this does not conflict with the provisions of the Companies Act or other law. The advice of the Company Secretary or other governance advisory specialist should be sought prior to such a decision being made.

### ***Procurement of goods and services***

Annexure A

- 7.4. In line with the procurement policy, if an employee and/or a member of the Board has competing personal and official Hulamín interests, either directly or indirectly, they must declare such interests and recuse themselves from participating in the procurement process. If an employee, director or other stakeholder has been requested to participate in the procurement process (either its administration, evaluation of bids, adjudication or contracting process) they must complete the appropriate declaration of interest forms to confirm their position in writing that there are no actual or potential conflicts of interest that must be declared.
- 7.5. The Procurement department will inspect the register of interest and gifts to ensure that there is no likelihood of actual or potential conflict of interest that will compromise Hulamín's desire to be fair, transparent and equitable (in line with its policies) in awarding contracts.
- 7.6. All tender documents must require the declaration of interests by all service providers / bidders in line with the Procurement Policy. The consequences for non-compliance, for example – disqualification of a bid, with such procurement conditions by suppliers or other service providers must be highlighted in requests for quotations, proposals and tenders.

**8. NON-COMPLIANCE OF THE CONFLICT OF INTEREST POLICY**

- 8.1. All actual or potential conflicts of interest must be investigated to satisfy Hulamín that the situation disclosed is complete and frank. Failure to make a frank and full disclosure will result in corrective action. To this end a register detailing the findings of such an enquiry will be kept for future reference, including minutes of meetings in which the disclosure was made or recording the disclosure in an appropriate register of interests.
- 8.2. Non-compliance with this policy will amount to a failure to register a relevant private interest or refusal to resolve or properly manage a Conflict of Interest, of which an employee is aware of. A more serious violation of the policy may be in a form of an employee actually acting on a conflict to the disadvantage of Hulamín's interest.
- 8.3. Non-compliance, violation and/or failure to comply with this policy and the procedures associated with this policy may result in disciplinary action, the recovery of losses incurred by Hulamín, termination of contracts, and consideration of criminal prosecution against individuals or groups; in terms of the Hulamín Disciplinary Policy, Disciplinary Procedure and Code.
- 8.4. Depending on the seriousness of the non-compliance, it may also contravene South African laws, which may result in criminal charges being laid against the perpetrator.
- 8.5. Heads of Departments and Managers must ensure that all Hulamín employees in their respective areas of responsibility are aware of and understand Hulamín's conflict of interest and gift policy. Should they have reasonable cause to believe an employee has failed to disclose actual or possible conflicts of interest, they shall inform the employee of the basis for such belief and afford the employee an opportunity to explain the alleged failure to disclose.

**9. REVIEW OF THE POLICY**

- 9.1. The Social, Ethics and Sustainability Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Social, Ethics and Sustainability Committee will

discuss any revisions that may be required and approve and recommend any such revisions to the Board for consideration and authorisation.

- 9.2. Hulamín reserves the right to conducting spontaneous directorship searches, within the ambit of POPI (Protection of Personal Information Act) of employees using their ID numbers and comparing information obtained through the membership of entities on the Hulamín's supplier database.

## **10. AWARENESS AND INDUCTION**

- 10.1. Hulamín will train and educate its employees on this policy to ensure that they are well acquainted with the contents thereof. The training and education will be carried out in various forms such as workshops, internal training sessions and induction programmes. Training and education will be conducted in conjunction with the Human Resources function and other identified departments.

- 10.2. This policy will be available via Hulamín's intranet. Where an employee does not have access to the intranet their line manager must ensure that they have access to a copy of this policy.

- 10.3. Hulamín will also consider alternative ways of educating and creating awareness of principles contained in the management of the conflict of interest and gifts policy. It will considering, amongst other things, be the following:

- a) Issuing information to re-enforce policy e.g. distributing examples of possible conflicts of interest via email or organisational newsletters, posters and pamphlets, during induction programme;
- b) Provide on-going training programs on conflict of interest examples and recommended actions, corruption prevention, managing gifts and benefits as well as fraud control and conflict of interest;
- c) Screensavers on computers with appropriate management of conflict of interest messages;
- d) Attachments to tender invitations relating to the Hulamín's stance to fraud and conflict of interest, where such irregularities can be reported and the actions which will be considered;
- e) Prudent terms in contracts signed with providers of goods and/or services and in employment contracts of employees relating to offering of gifts to employees of the Hulamín;
- f) Include conflict of interest/corruption prevention as an agenda item for specific meetings, for example procurement evaluation and adjudication, human resources recruitment meetings and Board meetings; and
- g) Signing of declarations of commitment to the policy by all employees.

## **11 POLICY GOVERNANCE**

Policy Sponsor: Chairman of the Hulamín Limited Board

Date Authorized by Board: \_\_\_\_\_

Annexure A

Date approved by Social, Ethics and Sustainability Committee:

Responsibility for document management: Hulamin Limited Secretariat

**HULAMIN**  
**DISCLOSURE OF INTERESTS FORM FOR EMPLOYEES**

I the undersigned, \_\_\_\_\_ (Full names), ID Number \_\_\_\_\_, Co.No \_\_\_\_\_ do hereby declare that the information contained herein fall within my personal knowledge and are to the best of my knowledge complete, true and correct.

I further declare the following:

1. I am an employee of Hulamin Operations (Pty) Ltd or one of its subsidiaries.
2. I am related to the following entities which may be relevant to the executives of Hulamin. I am related to them because I am a director or a member thereof or because I control them.

Registration number of entity	Name of Entity	Grounds for being regarded as a "related" person (director / member / controlling interest)

3. I am related to the following entities which may be relevant to the executives of Hulamin, because someone related to me is a director or a member thereof or they control the entity.

Registration number of entity	Name of Entity	Name of Family Member	Relationship with Family Member	Interest of family member in the entity

4. I am a member of the following entities / associations where I am an authorized representative of Hulamin as approved by the executive committee :

Name of Entity / Association	Position	Purpose / objectives of entity / association

5. A related party includes inter alia the following:
  - a. Individuals either related to each other by marriage or persons living together as married people;
  - b. Individuals related to a juristic person if the individual directly or indirectly controls the juristic person;
  - c. A juristic person who is related to another juristic person.
 (If you are uncertain whether you are related to a third party contact the Company Secretary)

6. I declare that:
  - The nature and extent of my interest or involvement in the above entities and that of persons related to me, are as stated; and
  - I have no other business interests to disclose and accordingly request that this be regarded as a written disclosure of interests; and
  - I acknowledge my responsibility to advise the Human Resources Executive of any changes hereto as and when such changes arise.

Signed on this the \_\_\_\_\_ of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_ (Signature) \_\_\_\_\_ (Print name)