



EMPLOYEE'S POLICY ON CONFLICT OF INTEREST AND OUTSIDE INVOLVEMENT

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STRIVING FOR AN ETHICAL WORKING ENVIRONMENT

TABLE OF CONTENTS

1. DEFINITIONS AND ABBREVIATIONS	3
2. PURPOSE	3
3. SCOPE	3
4. GOVERNANCE AND MANAGEMENT	4
5. POLICY STATEMENTS	5
6. POLICY ENFORCEMENT AND SANCTIONS	9
7. MONITORING AND POLICY REVIEW	9

Document Title	Publish Date	Page
Employee's Policy on Conflict of Interest and Outside Involvement	13 March 2018	2 of 9



1. DEFINITIONS AND ABBREVIATIONS

1.1 **CEO:** Chief Executive Officer

1.2 **Beneficial Interest:** refers to the right to obtain a benefit or other advantage from a property, business or other activity without any control thereof or attached responsibility for cost and damages or other losses incidental to such property, business or other activity.

1.3 **Employee:** means any permanent, contract, temporary or seconded staff member of DBSA.

1.4 **Family Members:** includes spouse, life partner, own child, adopted child, grandchild, own parent, adoptive parent and siblings;

1.5 **GE:** Group Executive

1.6 **Nominee Director:** refers to staff members who are nominated to represent the Bank's interest in outside organizations.

1.7 **Non-Executive Director:** refers to a board member that is not involved in the day to day management of the DBSA and is not in the full time salaried employment of the DBSA.

1.8 **Personal financial interest:** means a direct or indirect material interest of an employee, of a financial, monetary or economic nature, or to which a monetary value may be attributed.

1.9 **Related Party:** An entity, including entities of family members as defined in clause 1.4 of the policy, over which an employee has control, joint control, or significant influence, or is a member of its key management personnel.

1.10 **Staff Members:** means any permanent, contract, temporary or seconded staff member of DBSA.

2. PURPOSE

This policy intends to provide guidelines on managing the DBSA employee's engagement in interests that may conflict with the Bank's interests and further assist them on how to declare such involvement.

3. SCOPE

This policy applies to all DBSA employees.

Document Title	Publish Date	Page
Employee's Policy on Conflict of Interest and Outside Involvement	13 March 2018	3 of 9



4. GOVERNANCE AND MANAGEMENT

Employees are contracted to the bank by virtue of the terms and conditions of their contracts of employment. It is therefore expected that staff shall dedicate their time to the bank and shall act in the best interests of the company and ensure that their private capacity interests is not in conflict with that of the Bank.

There needs to be clear mechanism to manage such instances where a staff member is involved or interested in outside activities which conflicts with the Bank's interest. As a result, when staff members are involved in outside activities, there is a risk of disclosing or sharing confidential or unauthorized information. The Bank also faces reputational risk for staff members' poor conduct, over and above loss associated with bank's time and resources engaged in outside activities.

It is therefore imperative that the Bank provides guidelines for the staff members that are engaged in outside activities. The policy does not intend to discourage staff from contributing in outside activities, but to provide guidelines to manage the risk and provide clarity of conduct in the event there is a potential conflict.

4.1 WHAT IS A CONFLICT OF INTEREST?

Definition:

A conflict of interest means an employee's personal interest interferes or is perceived to interfere in any way with the interest of DBSA.

A personal interest maybe an actual or potential, direct or indirect, personal interest of the employee, or of a close family member or related party of the employee, in any business entity, undertaking or investor as a shareholder, director, associate, member, advisor/consultant, or in any other capacity.

Types of conflict of interest

A conflict of interest may take a number of forms. It may be financial or non-financial but beneficial in some form to the employee. It may be direct or indirect. It may be professional or family related. It is therefore impossible to provide an exhaustive list of conflict of interests; if there is any uncertainty the employee should contact the relevant GE or the Company Secretary. A conflict of interest may arise from:

- *Abuse of power.* Using one's position to influence others, thereby gaining personal benefit e.g. discount from suppliers of the Bank.
- Using one's employment to make secret commission or profit.
- Using employer's facilities or resources on furthering of outside business or personal or beneficial interests.
- *Engaging in direct competition.* Running a competitor's business on the side, or poaching the Bank's clients in order to build one's own business.
- Abuse of company property. An employee using the Bank's facilities or resources to further outside business interests.
- Associates, related parties and/or family tendering for work, working or providing goods/services for the Bank.
- Associates, related parties and/or family tendering for work, working or providing services as sub-contractors of contractors appointed to the bank.

Document Title	Publish Date	Page
Employee's Policy on Conflict of Interest and Outside Involvement	13 March 2018	4 of 9



There may also be perceived conflicts of interest; this is where there might be no actual conflict, but third parties might reasonably believe that a conflict exists. Even though no actual conflict exists, the perception can be damaging to the reputation of the parties who are believed to have one. In addition to reputational damage, there could be an indirect financial impact as better value suppliers might be reluctant to go to the trouble of preparing quotes if they perceive that their efforts will be in vain. Hence the importance of full disclosure of interests, as per this policy, as a protection measure against such perceptions.

5. POLICY STATEMENTS

Conflict of interest between an employee's obligations towards the Bank and his or her personal interest are amongst the most common types of ethical issues faced in organizations. Both the Bank and its employees share the responsibility for maintaining the organization free of harm arising from real or perceived conflict of interest.

Employees have an obligation to act in the best interest of the Bank. It is in the interest of good governance that staff members maintain the highest standard of professional ethics. The aim of the policy is to protect both the organization and the individuals involved from any appearance of impropriety and ensure compliance to statutory and best practice requirements.

5.1 Policy guidelines

The DBSA endorses the principle that an employee should serve his or her employer honestly and faithfully. In that, an employee:

- Shall devote his/her working hours to the employer's business and not conduct unauthorised business during working hours;
- Shall not commence another business in competition with the employer or even attempt to make arrangements in this regard;
- Shall not solicit the employer's clients, appointed contractors or service providers or employees to build up his/her own business or that of a family member or related party, and;
- Shall not place himself/herself in a position which may give rise to a conflict of interest as between himself/herself and the employer.

5.1.1 The Bank expects employees to disclose the circumstances that may produce a conflict of interest and to recuse themselves from any decision making process with regard to issues which they may have an interest.

5.1.2 An employee shall disclose to the Bank any personal financial or beneficial interest they have as well as any financial interest known to them of any related party in any matter to be considered by the bank or in which other person or entity proposes to do business with the bank.

Document Title	Publish Date	Page
Employee's Policy on Conflict of Interest and Outside Involvement	13 March 2018	5 of 9

- 5.1.3 Staff members and family members are prohibited from having commercial dealings with the Bank. No loans shall be provided by the Bank to staff members and their family, as defined in this policy, to further their private interests.
- 5.1.4 Staff members may not use their positions in DBSA, or the knowledge gained through their work relationship with the Bank and its clients, service providers and contractors, for private or personal benefit, financial or otherwise, which will cause a conflict of interest between their own personal benefit, financial or otherwise, and the interests of the Bank. A conflict of interest can arise where a staff member, or a family member of the staff member, or a business with which the staff member or family member is associated or deemed a related party as per this policy, wishes to gain an advantage or profit as a result of the position held in the Bank by the staff member, or as a result of the knowledge acquired by working for the Bank.
- 5.1.5 Neither staff members nor their family members or related parties should have interests or investments in any client, partner, supplier or contractor of the Bank, which give rise to 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, a staff member had shares in a family company that was a supplier to the Bank and the staff member was able to influence decision-making regarding the award of contracts to that company.
- 5.1.6 Similarly, staff members should not hold positions in or have relationships with outside organisations that have business dealings with the Bank if the staff member's position in the Bank allows them to influence these transactions.
- 5.1.7 Staff members must advise their manager of situations that could involve an actual, perceived or potential conflicts of interest and remove themselves from any discussion or activity involving the conflict beforehand. It is the manager's responsibility to ensure that the matter is properly reviewed, including whether it is appropriate for the staff member to be included in any discussions or activities that involve the conflict.
- 5.1.8 An employee shall not without prior written consent of the Bank, act as a director or trustee of a private or public company, a member of a closed corporation, a trustee of a business trust or a partner in partnership. This excludes personal or family investments.
- 5.1.9 All employees are required to complete a declaration form annually and as when a change occur. If a conflict of interest is identified it would be reported to the Group Executive concerned to manage it in line with the above guidelines. It should be noted that an annual declaration must be submitted even under circumstances where the employee has nothing to declare, in other words, a nil return.
- 5.1.10 The external interests (as per the DBSA declaration of outside interests procedures) of all potential new recruits who have been identified as such during the Human Capital recruitment processes should be disclosed upfront by the potential new recruit prior to any offer to join the Bank in order for such interests to be scrutinized by Management to ensure that any conflicts of interest are disclosed and adequately managed from the onset.



- 5.1.11 All existing and new appointments to the employ of the Bank will be required to declare any outside business interests in accordance with the above policy, and provide details of any changes as and when they occur.

5.2 Outside Interest, Directorships and Trusteeships

- 5.2.1 The Bank has a range of expertise, which are often attracted to serve in outside activities. In some instances such participation could create a conflict of interest. Based on their expertise the staff members are often invited to participate on external boards or trusts as non-executive directors or trustees and in activities beyond their work schedule within the Bank.
- 5.2.2 The Bank recognizes the benefit of staff involvement in outside activities from a developmental perspective. Employees are encouraged to hold such directorships only to the extent that these do not interfere with their contractual responsibilities.
- 5.2.3 In such appointments the following should be observed:
- 5.2.3.1 Staff shall submit any request to serve on a board of external companies as non-executive director to their GE's who in turn will submit the application for approval to the CEO.
 - 5.2.3.2 GE' shall submit the request to serve on outside board to the CEO for approval; the CEO will submit his request to the Chairman of the Board.
 - 5.2.3.3 The CEO will approve all applications by the employees to serve as a non-executive director in their personal capacity. In all instances of approval the CEO shall give due consideration to governance issues, banking relationships, potential risks including reputational risk, the number of meetings (Board and Committees) the employee serves on, and the number of days required by the employee in a year period to serve on the Board and Committees.
 - 5.2.3.4 The request for approval should explain why the proposed appointment will not; conflict with the interest of the Bank, will not interfere with the employee's contractual responsibilities and contribution to the Bank. Why the appointment would be in the interest of the employee in terms of personal development and expanding their networks and contacts.
 - 5.2.3.5 All such approvals shall be reviewed annually by the respective GE's to ascertain that the original intentions of the approval still exist. The process shall be monitored by secretariat.
 - 5.2.3.6 Approval granted for such external appointments is on the basis that the employee has no authority to represent the bank in matters pertaining to such board affairs.
 - 5.2.3.7 An employee shall be permitted to serve in no more than two external boards/ trusts as a non-executive director or trustee.



- 5.2.3.8 All employees will be expected to disclose to the Bank the remuneration received from serving on the private Board as a non-executive director.
- 5.2.3.9 Memberships of consortiums / partnerships must be clarified and approved with the relevant GE in consultation with Corporate Secretariat to ensure that no conflict of interest exists and must be disclosed in terms of the declaration of outside interest which is available on the Bank's intranet.
- 5.2.3.10 There will be no limitation on company shareholdings with no directorships, however, these must be declared upfront and clarified with the relevant GE to ensure that no conflict exists. It should be noted that shareholdings of entities who do business with the Bank, including clients, service providers, contractors and sub-contractors to the Bank, are not permissible, unless the said shares are publically listed shares available to sale in the open market. NB Discussion Note.
- 5.2.3.11 The DBSA may from time to time nominate staff members to serve on Boards where the Bank has an equity investment to ensure that the investment is protected or sit on Boards and Professional Bodies on behalf of the Bank. The approval process including remuneration issues will be governed according to DBSA Nominee Director Policy.

5.3 Declaration Procedure

- 5.3.1 An employee must disclose all interest outside, direct or indirect interests that may have an impact on the operations of the DBSA must be declared in writing prior to entertaining such interests.
- 5.3.2 An employee must disclose any relationship or commitment that could impair their ability to act with objectivity in their role at the bank and could affect the impartial fulfilment of their role.
- 5.3.3 All new appointments will be required to declare any business interest and their engagement will be subject to the terms of the policy.
- 5.3.4 The disclosure of interest shall be made using the online declaration of interest system.
- 5.3.5 Employees are expected to declare their interest on an annual basis and as when the change occurs.
- 5.3.6 The onus rests on employees to disclose all their interests.
- 5.3.7 Managers and Executives have the responsibility to ensure that all declarations by employees are considered for approval.

Document Title	Publish Date	Page
Employee's Policy on Conflict of Interest and Outside Involvement	13 March 2018	8 of 9



6. POLICY ENFORCEMENT AND SANCTIONS

Any violation of this Policy by any person subject to this Policy, including engaging in any transaction or arrangement without requisite approval under this Policy, will subject such person to appropriate disciplinary action, up to and including termination of his or her employment.

7. MONITORING AND POLICY REVIEW

The Corporate Secretariat will provide monitoring of the policy. The policy shall be reviewed as and when there is a change and every two years in line with the Policy Framework of the Bank.

