

CONFLICTS OF INTEREST

WHAT CONSTITUTES A CONFLICT OF INTEREST?

Personal conflicts of interest: when your personal interests are in conflict with the interests of SCM.

Professional conflicts of interest: when you have a duty towards two different competing entities.

OBJECTIVE OF CONFLICT OF INTEREST POLICY

The Code of Conduct prescribes that all SCM employees shall “avoid any conflict of interest and share and declare any information that may cause a conflict of interest. Openness and transparency must be the guiding principle in any matter that may be deemed to be a conflict of 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 SCM. Specifically, director’s fiduciary duties have been codified in the Companies Act, 71 of 2008 and a breach of these duties as set out in section 76 would severely impact a director personally as well as the company for which he performed these duties.

The objective of this policy is to provide a frame work within which to address areas where conflict of interest may arise within SCM and to establish broad principles and guidelines. Together with the Code of Conduct the policy aims to promote transparency and fairness and this policy must also be read in conjunction with the Gratification policy.

The purpose of this policy is not to prevent employees from pursuing private or personal interest.

MANAGING CONFLICTS OF INTEREST

1. Declaration of interest

The onus rests on all employees to disclose on an ongoing basis in writing, any known or potential conflict of interest by completing the Declaration of Conflict of Interest form attached hereto “**Annexure A**”.

Where “private or personal interest” is disclosed, the completed and signed declaration by the employee must be reviewed by his/her Exco member.

Compliance will maintain records of all disclosures centrally.

In addition to the initial disclosure, all employees must submit a Declaration of Conflict of Interest form annually and when a new conflict of interest arises during the year, or an existing “private or personal interest” changes significantly, the employee must, without delay amend the Declaration of Conflict of Interest form and submit it to the Compliance Officer. The Compliance Officer will send out a Declaration of Conflicts of Interest form annually to every employee.

The responsibility remains with the individual to identify any situation where they have a conflict of interest and to take appropriate action.

The Test:

1. Am I able to be a 100% objective in my decision?
2. Is it possible that someone from the outside will look at the situation and reasonably suspect that there has been a conflict of interest?
3. Am I able to perform my duties without conflict?

What to do when a conflict emerges?

1. Recognise that there is a conflict
2. Disclose
3. Take appropriate action – remove the conflict or excuse yourself from the process and be transparent.

2. Management responsibility

The relevant Exco member 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 the personal or private interest.

Management has three options in dealing with a conflict of interest namely:

1. Approve and allow it – if the disclosed “private or personal interest” does not constitute a conflict of interest and does not expose SCM to any reputational or financial risk, the interest can be approved and allowed. Management of the employee is responsible for monitoring the risk of the potential conflict.
2. Conditional approval – in some instances management may conditionally allow a disclosed “private or personal interest”. This can be done where the day-to-day activities of the employee only constitute a minimal risk for conflict of interest. Management must clearly document and communicate the conditions of the approval and employees should not participate in any discussions or decisions where their “private or personal interest” exposes SCM to reputational or financial risk.
3. Disallow – certain activities or “private or personal interest” may have a high degree of risk to SCM and must not be allowed. The decision of management and the terms of termination of the conflict must be clearly documented and communicated to the employee. The employee should be given reasonable time to terminate or eliminate the conflict as agreed upon between the employee and the Exco member involved.

3. Annual disclosure

A report on the status of Conflict of Interest within SCM must be submitted annually to ALaRMCO. The report must be submitted by Compliance and should include per broad category of conflict (eg. Directorship, private business, family members)

- A summary of the number of employees who have disclosed “private or personal interests”
 - Some indication of high-risk areas of conflict of interest
- SCM Exco is responsible to ensure that the disclosure and approval processes are applied consistently throughout SCM.

4. Breach of this policy

Employees’ failure to provide disclosures will be seen as a transgression of SCM Code of Conduct and will be dealt with in terms of the company’s disciplinary code. Certain transgressions of this policy may result in civil or criminal prosecution.

“Annexure A”**Personal Detail**

Name & Surname: _____

Division: _____

Job Title: _____

B Disclosure

Please provide detail of any interest of activity that may be seen as a conflict of interest according to the Conflict of Interest Policy. Include information on any private business enterprise, part-time employment, directorships, trusteeship or affiliations to any external organisation, which may affect your judgement in acting objectively and professionally in your SCM capacity, or which may expose SCM to reputational or financial risk.

C Declaration

I, the undersigned, declare that I have read and understand and subject myself to the contents of the Conflict of Interest Policy and the Code of Conduct as it may be amended from time to time.

I declare that I have disclosed all material private or personal interest or any other activity that may be seen as a conflict of interest according to the Conflict of Interest Policy.

I understand that my application is subject to approval and that this submission for approval includes my understanding that my outside interest involvement will not infringe on my productivity as far as my employment at SCM is concerned.

I undertake to disclose any material changes to any private or personal interest within 30 days.

I declare that the information provided above and in support of my application is true and correct.

Signed at at

On this Day of 200.....

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SIGNATURE OF APPLICANT

D Approval by Management

Approval of Interest

Decline of Interest

Conditional Approval

The disclosed interest potentially constitutes a minimal risk of conflict and certain conditions must be met to prevent a breach of the Conflict of Interest policy.

Reasons and conditions:

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Signed at at

On this Day of 200.....

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NAME OF EXCO MEMBER

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SIGNATURE