



CONFLICT OF INTEREST POLICY

1. INTRODUCTION

- 1.1. The South African Heart Association (SA Heart®) is committed to ensuring that judgement and business decisions are not influenced by undue direct or indirect personal interest. Good business practice requires that staff and all relevant stakeholders make fair and objective decisions that are in the best interest of SA Heart® at all given times.
- 1.2. Conflicts of interest should firstly be avoided and that all relevant stakeholders, hereinafter referred to as Affected Parties, should act in SA Heart®'s best interests at all times. Where conflict is unavoidable, such conflict needs to be disclosed at the first opportunity and managed to ensure that SA Heart®'s interests are not affected in a negative manner.

2. PURPOSE AND SCOPE

- 2.1. The Policy aims to provide guidance on the process followed by SA Heart® in managing and governing existing and potential conflicts of interest.
- 2.2. While the policy aims to provide guidelines on how to manage conflicts of interest, it cannot practically cater for all situations. It therefore falls on the Affected Party to recognize potential conflicts of interest before they interfere with his or her duties.
- 2.3. This policy applies to ALL Affected Parties as defined separately in this document.
- 2.4. ALL Affected Parties are expected to perform their duties in the spirit of SA Heart®'s Code of Conduct.
- 2.5. They must not use their positions or knowledge gained through their relationship with SA Heart® for private or personal gain.
- 2.6. Every Affected Party has a legal and professional duty to comply with this policy.

- 2.7. All Affected Parties need to ensure that they understand the intent and application of this policy in their respective areas of responsibility and conduct themselves in a manner that positively advances and reflects the principles articulated in this policy

3. SPECIFIC DIRECTOR RESPONSIBILITIES

3.1. Companies Act 71 of 2008

The Companies Act 71 of 2008 requires Directors to declare their Personal Financial Interests at a Meeting of

Directors as specifically contained in Section 75(1) and (5).

Section 75(1) and (5) reads as follows:

“75(1) In this section, “director” includes an alternate director, and—

- (a) a prescribed officer; or
- (b) a person who is a member of a committee of a board of a company, or of the audit committee of a company, irrespective of whether or not the person is also a member of the company’s board.”

“75(5) If a director of a company, other than a company contemplated in subsection (2)(b) or (3), has a personal financial interest in respect of a matter to be considered at a meeting of the board, or knows that a related person has a personal financial interest in the matter, the director—

- (a) Must disclose the interest and its general nature before the matter is considered at the meeting;
- (b) Must disclose to the meeting any material information relating to the matter, and known to the director;
- (c) May disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors;
- (d) If present at the meeting, must leave the meeting immediately after making any disclosure contemplated in paragraph (b) or (c);
- (e) Must not take part in the consideration of the matter, except to the extent contemplated in paragraphs (b) and (c);
- (f) While absent from the meeting in terms of this subsection—
 - i. is to be regarded as being present at the meeting for the purpose of determining whether sufficient directors are present to constitute the meeting; and
 - ii. is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and
- (g) Must not execute any document on behalf of the company in relation to the matter unless specifically requested or directed to do so by the board.”

3.2. External Board Memberships

Where the conflict relates to the directorship of an external board, any specific conflict which may arise between the interests of the Company and those of the external company should be disclosed to both companies

4. DEFINITIONS

4.1. Affected Parties

Affected Parties includes the SA Heart®'s

- 4.1.1 Board of Directors.
- 4.1.2 Board Committee Members.
- 4.1.3 Management and Employees.
- 4.1.4 Member of a Special Interest Group.
- 4.1.5 Member / Employees of the Regional Division.
- 4.1.6 All SA Heart Members.
- 4.1.7 Related Parties, as defined below.

4.2 Related Parties

4.2.1 Companies Act 71 of 2008

When used in respect of two persons, means persons who are connected to one another in any manner contemplated in section 2(1)(a) to (c) of the Companies Act 71 of 2008, as below:

- 4.2.1.1 Related and inter-related persons, and control 2. (1) For all purposes of this Act—
an individual is related to another individual if they—
 - i. are married, or live together in a relationship similar to a marriage; or
 - (ii) are separated by no more than two degrees of natural or adopted consanguinity or affinity;
- 4.2.1.2 an individual is related to a juristic person if the individual directly or indirectly controls the juristic person, as determined in accordance with subsection (2); and
- 4.2.1.3 a juristic person is related to another juristic person if—
 - 4.2.1.3.1 either of them directly or indirectly controls the other, or the business of the other, as determined in accordance with subsection (2);
 - 4.2.1.3.2 either is a subsidiary of the other; or
 - 4.2.1.3.3 a person directly or indirectly controls each of them, or the business of each of them, as determined in accordance with subsection (2).
- 4.2.1.4 For the purpose of subsection (1), a person controls a juristic person, or its business, if—
 - (a) In the case of a juristic person that is a company—
 - i. That juristic person is a subsidiary of that first person, as determined in accordance with section 3(1)(a); or
 - ii. That first person together with any related or inter-related person, is—
 - (aa) directly or indirectly able to exercise or control the exercise of a majority of the voting rights associated with securities of that company, whether pursuant to a shareholder agreement or otherwise; or

(bb) has the right to appoint or elect, or control the appointment or election of, directors of that company who control a majority of the votes at a meeting of the board;

(b) in the case of a juristic person that is a close corporation, that first

person owns the majority of the members' interest, or controls directly, or has the right to control, the majority of members' votes in the close corporation;

(c) In the case of a juristic person that is a trust, that first person has the ability to control the majority of the votes of the trustees or to appoint the majority of the trustees, or to appoint or change the majority of the beneficiaries of the trust; or

(d) That first person has the ability to materially influence the policy of the juristic person in a manner comparable to a person who, in ordinary commercial practice, would be able to exercise an element of control referred to in paragraph (a), (b) or (c).

4.2.1.5 With respect to any particular matter arising in terms of this Act, a court, the Companies Tribunal or the Panel may exempt any person from the application of a provision of this Act that would apply to that person because of a relationship contemplated in subsection (1) if the person can show that, in respect of that particular matter, there is sufficient evidence to conclude that the person acts independently of any related or inter-related person.

4.3. Conflict of Interest

Conflict of Interest is defined as a situation in which the Affected Party (which includes Related Parties) is in a position to derive personal benefit, direct or indirectly, from actions or decisions made in their official capacity and that such actions or decisions negatively impacts SA Heart®'s interests.

5. OVERSIGHT AND GOVERNANCE

5.1. Declaration of Conflict of Interests

5.1.1 Any business interest or relationship that could represent a conflict of interest must be declared annually and upfront at the commencement of each financial year.

5.1.2 Conflicts of interest must also be declared as soon as the Affected Party becomes aware of the conflict within a particular financial year or the moment when an Affected Party's personal circumstances changes to such an extent that it constitutes a direct or indirect conflict of interest.

5.1.3 At the commencement of each Affected Parties' Board, Executive Committee, National Executive Committee and all other Board Committee meetings, the chairperson shall ensure that all conflicts of interest are disclosed and that the persons who disclose such conflicts of interests do not participate and are not present in ALL discussions relating to the matter in which they are

conflicted.

- 5.1.4 The governing body concerned must require that a person who discloses a conflict of interest regarding an entity that transacts with SA Heart® either relinquishes his or her position in that entity or resigns from SA Heart®.

5.2 Levels of Authority and Approval

The following levels of authority and governance must be followed in all cases where the conflict of interest cannot be avoided, or the Affected Party is convinced that their proposal is in SA Heart®'s best interest.

AFFECTED PARTY	RECOMMENDED BY	APPROVED BY
Board Chairman	Ad Hoc Ethics Committee	Board
Board and Board Committee Members	Ad Hoc Ethics Committee	Board
SA Heart Management and Employees	Board Chairman	Board
SA Heart SIG and Region, Employees, Members and Board approved stakeholder structures	National Executive Committee	Board

All Affected Parties who wish to do business with SA Heart and require approval as per above structure must follow the requisite SA Heart application and governance process as it pertains to the specific area of business.

The above approval process will only be applied once the Affected Party has complied with such processes.

5.3 Key Oversight and Approval Considerations

- 5.1.1. Consent on actual or perceived conflicts of interest should only be provided if:
- It is declared on the SA Heart Disclosure Register;
 - It can be responsibly managed without prejudice to SA Heart;
 - It is not in conflict with a material SA Heart interest.
- 5.1.2. Any approval granted must be resubmitted and reviewed annually by the various decision making levels as defined in this policy.
- 5.1.3. In considering the approval of a declaration made by an Affected Party the following principles and criteria are important:
- Treat the application as made in good faith and without bias;
 - Fairly evaluate the conflict of interest situation disclosed, inclusive of the organizational risk and reputational risk to SA Heart as well its best interest;
 - Make a pragmatic decision to address the conflict of interest and ensure that the risks are minimized whilst protecting confidentiality and personal rights of the Affected Party; and
 - Consider the materiality level of the proposed business in relation to the approved materiality levels obtained from the SA Heart Auditor, at the time of considering any such approval.
- 5.1.4. Furthermore, the following questions must be asked:
- Was the conflict declared and recorded on the official SA Heart Disclosure Register?

- (b) Does the Affected Party have an unfair advantage or knowledge prior to submitting his /her business proposal to SA Heart?
 - (c) Would an Affected Party have been awarded the business if he / she was not an Affected Party?
 - (d) How will such an application and allocation be viewed by the media, would it withstand public scrutiny and would it negatively impact SA Heart's reputation?
- 5.1.5. In considering the above-mentioned criteria, it will be in the sole discretion of the Board to require that an Affected Party resign from their position at SA Heart if said party wants to continue to pursue their business interest with SA Heart.
- 5.1.6. The process must not be seen as punitive and detrimental to the advancement of the strategic objectives of SA Heart and *inter alia* the advancement of SMME's, Entrepreneurship and Black Economic Empowerment which are seen as important focal areas in support of sustainable job creation.
- 5.1.7. The Affected Party must not have access to or use privileged information that provides an unfair advantage towards a direct or indirect private interest or personal gain.
- 5.1.8. Communicate the decision to the Affected Party and follow up to ensure that it is understood and complied with; and SA Heart must maintain proper record of the process followed, decisions made and reasons to act in these circumstances.

6. GIFTS AND ENTERTAINMENT

- 6.1. For purposes of this policy, gifts and entertainment means anything of value, including but not limited to discounts, loans, cash, favourable terms on any product or service, prizes, transportation, use of vehicles or vacation facilities, shares or other securities, participation in share offerings, home improvements, tickets, gifts certificates, sport events, spa treatments and golf days.
- 6.2. Affected Parties must not provide or accept gifts, entertainment and other personal benefits or privileges that could influence or appear to influence their objectivity in carrying out their responsibilities in the best interest of SA Heart.
- 6.3. The exchange of gifts and entertainment is not inherently unethical. SA Heart makes a distinction between appropriate and inappropriate receiving of gifts and entertainment. What is deemed reasonable and appropriate cannot be quantified or specified exclusively and may differ from each context and situation. However, Affected Parties may not accept gifts, or entertainment that place them under any obligation.
- 6.4. Gifts to the value of R500 or more are to be handed over to the Board Chairman.
- 6.5. Entertainment in excess of R500 should be declined.
- 6.6. If uncertain, advice can be sought from the Board Chairman. The advice sought in no way compromises the authority of the relevant governing bodies.
- 6.7. All gifts must be declared in the SA Heart Gifts Register.

6.8. The following principles should be applied to determine if a gift or entertainment is appropriate namely:

- (a) *Intent*: Is the intent to build relationships or to influence the recipient's objectivity in making organizational decisions?
- (b) *Materiality or frequency*: Is the gift or entertainment modest and infrequent or could it place the recipient under an obligation to reciprocate? Immaterial gifts made frequently will be deemed to be material.
- (c) *Legality*: Is the gift or entertainment legal?
- (d) *Transparency*: The gift and disclosure register is open for inspection by those in charge of Governance and SA Heart's Auditors at any given time.
- (e) *Hypocrisy*: Are we applying double standards? We must therefore only offer what we are comfortable to accept and vice versa.
- (f) *Reputation*: Will giving or accepting a gift and entertainment negatively impact SA Heart's or the other party's reputation.
- (g) *Declaration*: All gifts and entertainment provided or received must be declared in SAHeart's official gift register.

7. IMPLEMENTATION

7.1. Awareness

All affected parties should familiarize themselves with this policy.

7.2. Responsibility

It is the responsibility of every Affected Party and decision makers as defined to adhere to this policy and to lead by example in this regard.

7.3. Non-Compliance

Non-compliance with this policy may result in disciplinary action and other relevant consequence management actions such as but not limited to termination of employment or requiring resignation, suspension or removal of members from governance structures and / or the organization.

7.4. Annual Certification

All Affected Parties will certify that they have read and understood the policy on an annual basis.

7.5. Consistency

In order to ensure consistent application of provisions dealing with conflict of interest, the empowering legal provision shall be interpreted in a practical and balanced manner, and with particular regard to the expressed or implied purposes of the Companies Act 71 of 2008.

8. REPORTING AND OVERSIGHT

- 8.1. Quarterly reporting on disclosures, approvals and non-approvals, and the status of declared conflicts of interest must be submitted to the Board.
- 8.2. From a management perspective more frequent reports on disclosures, approvals and non-approvals, and the status of declared conflicts of interest will be submitted to the Board Chairman and the Executive Committee.
- 8.3. All reports must be written with due consideration to maintaining confidentiality and in compliance with the provisions of privacy legislation.

9. POLICY REVIEW

This policy will be reviewed by the Board as and when necessary to ensure that it remains relevant and appropriate and to make any changes necessary in light of evolving regulation / legislation.