



# Policy on Conflicts of Interest and Related Party Transactions

## INTRODUCTION

- 1.1 In line with the Group's Code of Ethics and such applicable statutory requirements, it is important that we are able to identify actual and/or potential and/or perceived conflicts of interest with respect to the Company's transactions and manage them fairly and appropriately, on a case by case basis, in the best interests of the Company (defined below).
- 1.2 With this objective in mind and with a view to complying with the National Code of Corporate Governance for Mauritius on this subject-matter, the Board of Directors of Harel Mallac & Co. Ltd has endorsed this Policy on Conflicts of Interest and Related Party Transactions (hereinafter referred to as the / this "**Policy**"), for the Harel Mallac Group (hereinafter the "**Group**" and any company found therein, hereinafter referred to individually and indistinctly as the / a "**Company**").

## 2. OUR PURPOSE AND COMMITMENT

- 2.1 By the Board endorsing this Policy, the Group commits to: -
  - ▮ managing (i.e. through a defined process to disclose, address and monitor) actual or potential conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest;
  - ▮ implementing good practice so as to ensure the trust of the Group's stakeholders;
  - ▮ doing business in an honest and transparent manner;
  - ▮ promoting sound corporate governance;
  - ▮ complying with mandatory provisions of the law;
  - ▮ protecting the Company against legal and financial risks and reputational damage.

## 3. APPLICABILITY OF THIS POLICY<sup>1</sup>

- 3.1 This Policy shall apply to each Company within the Group and its directors, employees, officers (hereinafter referred to as "**Representative(s)**"), who commit to abide to this Policy.
- 3.2 External parties choosing to work with the Company, do so on the basis that they agree to comply with this Policy. Shareholders of the Company must also abide to this Policy and applicable law.
- 3.3 This Policy must be read in conjunction with the Constitution / Memorandum and Articles of Association (if any) of the Company, any and all applicable mandatory statutory provisions as well as International Accounting Standards (hereinafter "**IAS**") in force. Any mandatory statutory provisions shall prevail to the extent that they conflict with this Policy and/or the Constitution of the Company (if any). Anyone in doubt as to whether this Policy applies or whether any transaction or potential transaction would be tantamount to a conflict of interest should enquire with the Ethics Officer, Chairman or Chief Executive Officer of the Company or the Group.

## 4. IDENTIFYING A CONFLICT OF INTEREST

### 4.1 What is a Conflict of Interest?

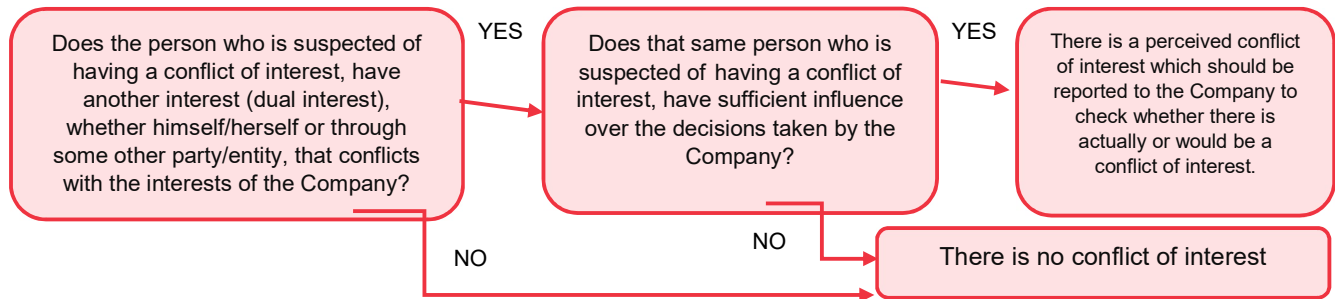
A conflict of interest may arise where there is a transaction or a potential transaction with the Company with respect to which, a Representative has conflicting or personal interests that influence or could appear to sufficiently influence the Representative's decision-making. This is also known as "duality of interest". Conflicts of interest can involve financial or non-financial interests.

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<sup>1</sup> This Policy must be read in conjunction with the Constitution of the Company Memorandum and Articles of Association (if any), any and all applicable mandatory statutory provisions and IAS standards in force. Any mandatory statutory provisions shall prevail to the extent that they conflict with this Policy and/or the Constitution of the Company (if any).

#### 4.2. How does one identify a Conflict of Interest?

The following flowchart provides one example of some of the questions that one can ask in order to identify a perceived conflict of interest:



The following are examples<sup>2</sup> that may be conflicts of interest:



Not all interests that are in conflict with the interests of the Company are cause for concern. Those conflicts of interest which, are of concern, tend to **(but not only)** arise in **“Related Party Transactions” (defined below)**, where the Representative of the Company has dual interests and is either a director or key member of management or officer or employee of the Company, with sufficient decision-making power and ability to influence the decisions taken by the Company, with the result that his or her conflicting interests do, may or could be perceived to override the interests of the Company and its shareholders.

## 5. RELATED PARTY TRANSACTIONS

Under IAS, Related Party Transactions are transactions between the Company, and a Related Party i.e. the director, chief executive or controlling shareholder (i.e. those with significant influence) of the Company or any of its

<sup>2</sup> The above examples are not exhaustive. There may be other instances that need to be analysed.

subsidiaries or the associates of any of them. Where the Related Party is an individual, his or her associates will include his or her close Relatives i.e. being his or her spouse or child or any step-child under the age of 18 years.<sup>3</sup>

## **6. ADDRESSING AND MANAGING A CONFLICT OF INTEREST AND/OR A RELATED PARTY TRANSACTION**

6.1 The following are ways in which, we must endeavour to address and manage any actual or potential conflict of interest:

- 7 Representatives, shareholders and stakeholders of the Group are encouraged to report any instance of an actual or potential conflict of interest with respect to the Company as soon as they become aware of same, in accordance with the reporting process mentioned below, whether or not involving himself or herself.
- 7 Directors of the Company having or who may reasonably have a conflict of interest in respect of any transaction of the Company, must timeously and fully disclose same (including the nature and extent of the interest and if possible, the monetary value of that interest) to the Board of Directors.
- 7 The Company Secretary shall keep and maintain an Interests Register for all companies within the Group, recording disclosed conflicts of interest with respect to the Company.
- 7 Directors and/or key management having a conflict of interest, should, as far as possible<sup>4</sup> refrain from voting or participating in any decision-making process or discussions with respect to any transaction of the Company in which, his or her conflict of interest arises.
- 7 Shareholders having a conflict of interest, should, where required<sup>5</sup> under mandatory provisions of the law or the Constitution or Memorandum and Articles of Association, refrain from voting or participating in any decision-making process or discussions.
- 7 Directors appointed to the Board of a Company by a person with a substantial interest such as a major shareholder, substantial creditor, supplier or advisor must act in the interests of the Company and not in the interests of the person who has nominated him or her, save and except that subject to any applicable mandatory statutory provisions, nothing in this Policy shall prevent the directors of a wholly-owned subsidiary company within the Group, from voting in favour of the interests of its holding company.
- 7 The Company *may* avoid any transaction in which a director of the Company is interested, in accordance with the law.<sup>6</sup>
- 7 The Board of Directors of the Company may delegate oversight questions relating to Conflicts of Interest and /or Related Party Transactions to the Audit Committee of the Company.
- 7 The Management of the Company should, where it feels necessary, discuss with its auditors, any issues of conflict of interest with respect to the Company.
- 7 Auditors of the Company cannot have and are required to avoid any conflicts of interest with the Company.
- 7 The Company, through its Finance Department, shall at the end of each financial year of the Company, ensure that the requisite financial reporting, with respect to “Related Party Transactions” is effected, in accordance with IAS.
- 7 As part of the audit assignment, the External Auditor of the Company must monitor, review and cross check compliance with IAS regarding Related Party Transactions.
- 7 The annual report of the Company must note how conflicts of interest in Related Party Transactions have been managed.

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<sup>3</sup> Applicable legislations, IAS and Rules need to be consulted in order to ascertain a “Related Party” in each transaction.

<sup>4</sup> subject to the Constitution of the Company and Memorandum and Articles of Association (if any) and any applicable mandatory statutory provisions.

<sup>5</sup> subject to the Constitution of the Company and Memorandum and Articles of Association (if any) and any applicable mandatory statutory provisions.

<sup>6</sup> subject to the Constitution of the Company and Memorandum and Articles of Association (if any) and any applicable mandatory statutory provisions.

## 7. REPORTING A CONFLICT OF INTEREST AND/OR A RELATED PARTY TRANSACTION

- 7.1 Any whistleblowing reports of any actual or potential conflicts of interest with respect to the Company must:
- ❑ Be well-founded or based on reasonable belief;
  - ❑ Be made in writing and addressed promptly to Mr. Paul Clarenc, member of the Corporate Governance Committee (or such other person designated by the Board of Directors), who shall acknowledge receipt of same in writing;
  - ❑ Detail the nature and extent of the interest and as far as possible, any possible monetary value of the interest.
- 7.2 The Group promotes openness and encourages all reporters to disclose their identity without fear of reprisal or victimisation. Anonymous reports will therefore, not be entertained, unless otherwise decided by the Board.

## 8. ENFORCEABILITY OF THIS POLICY

- 8.1 Breach(es) of this Policy are likely to result in:
- ❑ non-compliance with statutory requirements/reporting;
  - ❑ penalties/fines under law;
  - ❑ non-compliance with the National Code of Corporate Governance for Mauritius;
  - ❑ legal claims and reputational damage for the Group and/or Company and/or its Representatives and/or shareholders etc.
  - ❑ disciplinary action against employees, which may lead to termination of employment and/or damages.
  - ❑ civil legal action and/or criminal prosecution.

The purpose of this Policy is to provide guidance on the practice to be followed in respect of conflict of interests and related party transactions and should not, any point in time, be considered as providing an exemption to the applicable laws.

### **Policy Information**

**Policy prepared by:**

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**Approved by the Board on:**

**6th December 2018.**

**Policy came into effect on:**

**1st April 2019.**