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March, 2021	KOB/AD-BRD/POL-03	AD	01	1 of 11	00	

KOMATI BASIN WATER AUTHORITY




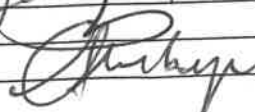
CONFLICT OF INTEREST POLICY

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Recommended By	THRC Chairperson	
Approved By	KOBWA BOARD CHAIRMAN	<i>[Signature]</i>

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1. INTRODUCTION

The board of directors ("Board") of Komati Basin Water Authority [KOBWA] is committed to doing business honestly and ethically. The Board recognises the need to ensure that all business relationships are founded on professional principles and that relationships are kept at arm's length, meaning that the parties in the relationship are independent and otherwise unrelated.

The Board recognises its obligation to oversee those appropriate controls and procedures are implemented within KOBWA. These controls and procedures will assist KOBWA in meeting regulatory requirements both in South Africa, Eswatini and internationally.

Underpinning KOBWA's ethical business philosophy is the principle that all directors, employees, and relevant stakeholders have a duty to always act with the utmost good faith by modelling behaviour that is aligned with the maintenance of the highest ethical standards in carrying out our business activities in all their day-to-day interactions.

1.1 Purpose of the Policy

The purpose of this policy is to provide a framework for the prevention of conflicts of interest as far as is reasonably possible. We expect all our stakeholders, which include our directors and employees, to actively demonstrate the moral obligation to do the right thing for the right reasons.


We acknowledge that conflict of interest situations can often be complex, thus this policy provides broadly applicable guidelines for the behaviours and actions that we expect from those conducting business on behalf of, and with KOBWA.

1.2 Scope of the Policy

This policy applies globally, uniformly, and without exception to all KOBWA businesses, permanent and fixed-term contract (full-time, part-time, and flexi-time) employees, subsidiaries, business units, service providers, and other business relationships.

1.3 Implementation of the Policy

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Compliance with this policy is ultimately the responsibility of every director, employee, and contractor acting on our behalf, and is a condition of their employment or contract.

Each KOBWA employee and director must understand how this policy applies to their areas of responsibility, adhere to this policy in all their business dealings, and conduct themselves in a way that positively reflects and advances the commitments in the policy. Those in leadership positions have an added responsibility and accountability for applying our ethical standards in their areas of responsibility.

2. WHAT IS A CONFLICT OF INTEREST?

A conflict of interest occurs when there is a direct or indirect conflict, in fact, or in appearance, between the interests of a person described in paragraph 1.2 and the interests of KOBWA.

It applies to financial, economic, and other interests in any opportunity from which KOBWA may benefit, or which may be to the detriment of KOBWA, including the use of KOBWA's confidential information.



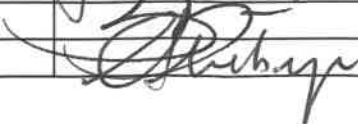
Actual conflict arises in situations where financial considerations or other personal or professional considerations compromise an individual's objectivity, judgment, integrity, and/or ability to fulfil his or her responsibilities to KOBWA and his or her actions could lead to compromising KOBWA in any way.

Apparent (or perceived) conflicts are situations or relationships that could reasonably appear to other parties to involve a conflict of interest. Apparent conflicts exist in situations where a person has financial interests, personal relationships, or associations with an external entity, individual, or organisation, such that the person's activities within KOBWA could appear to be biased.

Any reference to a conflict of interest in this policy includes an apparent or potential conflict of interest.

Although not exhaustive, employees, service providers, and directors must refrain from the following, which KOBWA deems to be likely to result in unacceptable conflicts of interest:

- (i) Close relationships with people in entities with which KOBWA does business and in reporting structures within KOBWA (for example family members or friends reporting to one another). Such relationships include family, close friendships, and even common private club memberships (for example

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leisure, sports, investment clubs, or joint property ownership). It follows, therefore, that an employee must recuse himself/herself and is not allowed to be involved in the hiring decision, supervision, management, or career planning of the employee's spouse, family members, partners, or close friends.

- (ii) Any direct or indirect provision of services or goods to KOBWA by a KOBWA employee on a commercial basis (for example for additional compensation and in excess of their normal duties), is regarded as a significant conflict of interest.
- (iii) Holding investments or financial interests, directly or indirectly, in businesses contracting or competing or seeking to do business with KOBWA in the employee's area of influence.
- (iv) Undue privilege derived by KOBWA employees, family members, or close friends because of being party to valuable information, receiving or giving gifts or entertainment that might place employees under an obligation to reciprocate, or being offered business or other opportunities.
- (v) Kickbacks, secret commissions, and bribes - To give or receive, whether directly or indirectly, bribes or other improper advantages to individuals and/or organisations for business or financial gain. Employees are prohibited from offering, giving, or receiving any gift or payment which is or may be perceived to be a bribe.


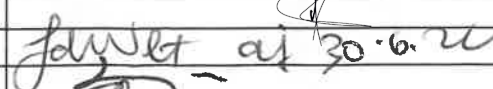


3. APPROACH TO THE MANAGEMENT OF CONFLICT OF INTEREST AND THE DECLARATION OF INTERESTS


As a general rule, conflicts of interest must be avoided at all times. Where it is impossible to avoid a conflict of interest, the conflict must be disclosed to the appropriate persons and managed in accordance with this policy, the Board should decide on the disclosure and decide on the appropriate way forward.

3.1 DECLARATION OF CONFLICT(S) OF INTEREST

Officers and employees may not put themselves in a position where their personal interests conflict or could in future conflict with KOBWA's interests. Where conflicts of interest or potential conflicts of interest cannot be avoided, or the officer or employee wants to make a case for working within a situation that represents a potential conflict of interest, the following procedure applies:

- (i) Any case that could represent a conflict of interest must be declared on the KOBWA Declaration Forms or System provided.

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(ii) Officers or employees must obtain prior written consent from their line manager, who must be an Executive Manager or more senior. Any line manager who is approached regarding a conflict of interest and is uncertain as to whether consent should be granted, should consult their more senior line manager and/or the Ethics Officer.

For the purposes of this policy, senior management refers to people within the role categories of operational/functional specialisation or more senior.

Consent pertaining to an actual or potential conflict of interest should only be granted if:

- a) It is declared on the KOBWA Declaration Forms or Electronic System provided and must be supported by a written risk mitigation plan and relevant controls;
- b) It can be responsibly managed without prejudice to the organisation; and
- c) It is not in conflict with a material KOBWA interest.

Any approval granted must be resubmitted and reviewed annually. Furthermore, employees with material decision-making authority will be required to confirm once a year that they have declared fully during the year or augment their declarations as part of the annual declaration. Should further conflicts arise during the year they must be declared in the prescribed manner as they are known by the conflicted person.


In addition to obtaining approval for and declaring a conflict of interest, the officer or employee is expected to declare this conflict in every instance where it has relevance. They are also expected to refrain from participating in business activities related to the declared conflict of interest, and substitute themselves with a more senior person should only subordinates be involved.

3.1.1 Employees

Employees must avoid conflicts of interest where they have an interest in or stand to benefit from any transaction to which KOBWA is also a party. This applies whether the employee has an interest or stands to benefit:

- Individually
- In association with their family members or partners
- In association with business partners
- In relation to external or internal business interests

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Employees must disclose any business interests that may conflict with the business interests of KOBWA. Non-disclosure of a conflict of interest may result in disciplinary action against the employee.

All employees must report a perceived or actual conflict of interest to their direct line manager, any senior manager in their business unit or the Ethics Officer. If an employee cannot report the conflict to his or her line manager or a senior manager in their business unit, the employee may report the conflict to the Ethics Office.

All instances of non-compliance must be reported in line with the applicable whistleblowing policy and process. This process outlines that there are two avenues available to KOBWA employees to report a concern:


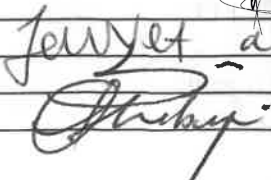

- Reporting to your direct manager
- Reporting directly to a responsible department


3.1.2 Business Unit Executives

The head of each business unit has the following responsibilities:

- (i) Ensuring that the staff members in their business unit are aware of the contents of this policy and that they participate in training initiatives
- (ii) Prescribing internal procedures consistent with this policy for the employees of each business to manage conflicts of interest where necessary
- (iii) Actively seeking to identify, mitigate, and document conflicts of interest in their business unit, including any conflicts of interest in connection with any current or planned activities
- (iv) Assessing any conflicts of interest reported or disclosed to them to determine if a conflict of interest exists
- (v) Consulting the Ethics Office, where necessary, and determining the best course of action to resolve, manage or avoid the conflict of interest, including further escalation to a higher management authority where necessary
- (vi) Reviewing – every year or more regularly, if required – any reported conflicts of interest to ensure these are being managed in accordance with any agreed course of action.

3.1.3 Directors, Prescribed Officers, and Independent Committee Members

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At the beginning of each governing body or committee meeting, all members have to declare whether any of them has any conflict of interest in respect of a matter on the meeting agenda. Subject to legal provisions, any such conflicts should be managed proactively, as determined by the governing body.

If a director of a company has a personal financial interest in a matter to be considered at a board meeting or knows that a related person has a personal financial interest in the matter, the director must, among other things, disclose the interest and its general nature to the board before the matter is considered at the meeting. If the director is present at the meeting, he or she must then leave the meeting immediately after making the required disclosures. The director may not vote on the matter in question.

Where the chairperson of a board or board committee may have a conflict of interest or a perceived conflict of interest that may impact on that chairperson's independent decision making, a lead independent director must be appointed by the remainder of the board or board committee to chair that specific meeting.

Directors must be particularly careful to avoid representing KOBWA or a subsidiary of KOBWA in any transaction with any party with whom there is any outside business affiliation or relationship. They must also avoid using their KOBWA contacts to advance their private business or personal interests at the expense of KOBWA, its clients, or affiliates.

3.1.4 Control Functions

All Control functions should operate without conflicts of interest; where a conflict arises, it must be brought to the attention of the Board for resolution.


4. PRINCIPLES RELATING TO SPECIFIC CONFLICTS OF INTEREST

Gifts and entertainment mean 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, gift certificates, sports events, spa treatments, golf days, and so forth.

4.1 Gifts and entertainment to & from trading partner

The exchange of gifts and entertainment is not inherently unethical. It can be an effective way to build goodwill in business relationships. However, some

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gifts and entertainment can exert improper influence if they are, or can be seen to be, undue attempts to influence decisions and behaviour, or bribes. Such circumstances may harm KOBWA's reputation for fair dealings and may even break the law. Any gift or entertainment that has the potential or intention to influence objectivity regarding business judgment and business decisions is deemed to present a conflict of interest.

Gifts and invitations have to be disclosed in the relevant Gifts and Entertainment Register, even in cases where the gifts and entertainment were offered but not accepted from trade partners.

Where a decision was made regarding the acceptance of a gift or entertainment, the nature of the decision must be communicated to the trade partner in writing as soon as possible. This applies regardless of whether the decision was made to decline or accept the gift or entertainment.


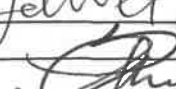

This is important for the preservation of KOBWA's corporate integrity and ethical standards.


4.2 Gifts and entertainment that are never acceptable

- (i) The giving or receiving of cash or a cash equivalent.
- (ii) The giving or receiving of any gift or entertainment that would constitute a contravention of any law. Examples are the US Foreign Corrupt Practices Act, the UK Bribery and Corruption Act, and the South African Prevention and Combating of Corrupt Activities Act.
- (iii) The giving or receiving of anything that creates an obligation to reciprocate or might influence business judgment or an outcome of a business decision.
- (iv) The giving or receiving of any gift or entertainment involving parties engaged in a tender or competitive bidding process.
- (v) The giving or receiving of any gift or entertainment in exchange for a tender, contract, a permit, or any other benefit.
- (vi) Any gift or entertainment that is a quid pro quo (offered for something in return); and
- (vii) The giving or receiving of any gift or entertainment that would if it became public, adversely affect KOBWA's reputation.

4.2.1 Insider Trading

All persons described in paragraph 1.2 of the Introduction are able to acquire knowledge regarding the results of the company before the results are published. The Companies Act (71 of 2008) and the Financial Markets Act

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(19 of 2012) state that any person who trades directly or indirectly in a security based on unpublished price-sensitive information can, in certain circumstances, be guilty of an offence.

4.2.2 Recruitment

KOBWA does not approve of nepotism and understands that all applicants have the right to apply for vacant positions in the organisation. Therefore, where family members, friends, or business associates of a person referred to in paragraph 1.2 of the Introduction apply for vacant positions, the guidelines contained in HR policies and processes must be followed.

KOBWA is committed to complying with all applicable employment laws and regulations including the minimum wage requirements, hours of work, overtime, employment of minors, and will not recruit or employ anyone who is not legally authorised to work in the country in which employment is sought.

KOBWA will not condone the activities of employees who achieve results through violation of laws, regulations, and/or unethical business conduct.

4.2.3 Moonlighting


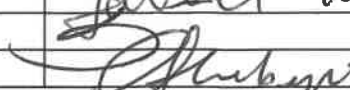

Moonlighting refers to the situation where someone holds a second job while in the service of their employer. All persons described in paragraph 1.2 of the Introduction who engage in moonlighting activities must ensure that they do not get involved in any activity that could lead to a potential conflict of interest.


To avoid potential conflicts of interest, employees must follow the procedures outlined in the HR policies and processes.

4.2.4 Procurement

The persons described in paragraph 1.2 who are involved in procuring goods and services on behalf of KOBWA may not directly or indirectly accept any reward from any person. This applies whether the reward is for themselves or any other person. The persons may also not provide, offer or make available any gift or invitation to an event that will, or can be perceived to:

- a) Influence the recipient's judgement on a specific matter.

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- b) Cause the recipient to favour one client, supplier, or trading partner over another.
- c) Expect the recipient to take certain actions or expect the recipient not to take any action.
- d) Influence the recipient to conduct himself or herself in a certain manner.

When onboarding suppliers through procurement procedures, all procurement departments must avoid any conflicts of interest between KOBWA, the interest of its stakeholders, and the business of the person performing the outsourced activity. If this is not possible, procurement departments must mitigate these conflicts of interest. It is the responsibility of the direct managers of procurement staff to collect annual declarations from their staff members confirming that no reward was or will be collected from any person as discussed above. Disciplinary steps will be taken against any person who accepts any reward that is subject to the above, whether for himself or herself or on behalf of any other person.

If any person knows about or suspects a contravention of this section, he or she must report it to the Ethics Office or other designated company official.

Non-compliance with this policy and the procedures associated with it may result in disciplinary action and even dismissal. Non-compliance may also contravene corruption laws, which may result in imprisonment, fines, or both. Line managers must ensure that all KOBWA employees in their areas of responsibility are aware of and understand KOBWA's conflict of interest policy, particularly in respect of gifts and entertainment.

Signed by:


 Chief Executive Officer

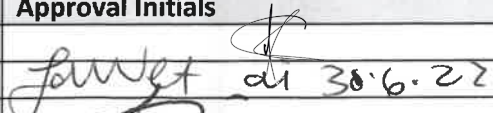
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 Technical & Human Resources Committee
 Chairperson

24-06-2022
 Date


 Board Chairperson

2022/06/24
 Date

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