

CONFLICT OF INTEREST POLICY

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1.0 INTRODUCTION

- 1.1 This Conflict of Interest Policy (this “Policy”) seeks to describe Conflict of Interest, the need for the Board, Shareholders and Senior Management to disclose such conflict of interest and how to treat a conflict of interest situation when it arises.
- 1.2 The rules contained herein are in addition to the provisions in the Companies Act, 2019 (Act 992), the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), the Securities Industry Act, 2016 (Act 929) (together referred to as the “Acts”) and prevailing Regulatory Corporate Governance Guidelines, Regulations and Directives (the “Directives”). Consequently, matters set out in the Acts and the Directives form an integral part of this Policy and are not necessarily reproduced herein.
- 1.3 Financial entities thrive on the trust and confidence of their stakeholders. It is therefore critical to define and uphold the Republic Financial Holdings Group’s (“Republic Group” or “the Group”) position as it relates to conflicts of interest to avoid reputational harm, particularly since this issue has been the impetus for the collapse of financial entities in the past. It is for this reason that even where a conflict of interest is perceived, it should engage the appropriate level of attention and action, as the case may be.
- 1.4 This Policy has been adopted by the Board of Directors (“the Board”) of Republic Bank (Ghana) PLC (“the Bank” or “RBGH”) in furtherance of the Bank’s compliance with relevant Laws, Regulations, Directives, Republic Group Policies and good corporate governance practices. Cognisance should also be taken of the RBGH Board of Directors’ Charter, Related Party Policy and other related Policies.
- 1.5 This Policy is intended to guide instances where conflicts of interest arise primarily at the Board and Senior Management levels within the RBGH Group.

2.0 DEFINING CONFLICT OF INTEREST

- 2.1 The Republic Group’s Central Bank’s Corporate Governance Guidelines (2021) describes Conflict of Interest thus:

“A conflict of interest is deemed to arise if a person were to make or participate in the making of a decision in the execution of his office and at the same time knows, or ought reasonably to have known, that in the making of the decision, there is an opportunity to either directly or indirectly further his private interests, or that of a member of his family, or of any other person or company from which he stands to benefit. It also includes conflicts of duty which arise when a person is required to fulfil two or more roles that may be in conflict with each other.”

- 2.2 A conflict of interest exists when a person or entity has two competing interests, and where serving one of those interests can adversely affect the other. The issue is made even more

significant where an interest is derived from legislative duty, such as the duty of a Director to act in the best interest of the company he serves.

2.3 A conflict of interest affects or might affect the Director's judgment, decisions or actions in respect of the organisation's business interests.

2.4 The conflict of interest may be actual or potential. Based on the Republic Group's research the Group defines the following in the interest of clarity:

- An actual conflict of interest will arise where a Director's decisions are actually influenced, or are capable of being influenced, by his personal interests.
- A potential conflict of interest will arise where the facts are reasonably suggestive that a Director is actually influenced or is capable of being influenced in his decisions.

2.5 A Director may be unable to make the determination that there is a conflict of interest because he/she does not have an independent and objective point of view.

2.6 In the case of the Bank, many stakeholders exist both internally and externally (shareholders, employees, customers) and these comprise the audience of the observer.

The following describes the Republic Group's expectations on how various forms of conflict should be treated when presented. The Board Charter also provides additional processes for dealing with potential conflict of interest matters at Board (and Board Committee) meetings and sanctions for non-compliance.

3.0 IDENTIFYING CONFLICT OF INTEREST

The key factors for consideration when identifying an actual, potential, or perceived conflict of interest are:

- Whether the Director/senior manager himself, a family member, business associate, or friend is likely to benefit financially, or otherwise gain or be perceived to benefit or gain from his decision, action, inaction or influence; or
- The Director/senior manager is likely to avoid financial loss or be perceived to be avoiding loss at the expense of the Bank.
- The Director/senior manager has an interest or a perceived interest in the outcome of a transaction.

Conflict is inherent when a transaction may represent a financial gain or loss for the Director/senior manager herself/ himself, her/his family members or business associates.

3.1 DIRECTOR CONFLICT

(A) DIRECTOR'S DUTY

Directors must discharge their duties in good faith, recognizing at all times their fiduciary duty to the Bank.

Directors must exercise good faith and disclose all interests and avoid participating in any activity of the Board or the Bank where there exists an actual, potential or perceived conflict of interest.

The Board should discuss and determine whether the conflict, actual potential or perceived, exists.

(B) INSTANCES OF CONFLICT

(1) COMPETING WITH THE BANK

Nomination

- A person should not be considered for nomination if he is materially affiliated to a direct competitor of the Bank, through directorship, ownership or otherwise.
- Any financial institution that offers products and services or engages in lines of business that are similar to those of the Republic Group can be deemed a competitor.
- Terminating relationships with competitors may be a prerequisite to nomination in some instances.

An Invitation During a Director's Term

- A Director within the Republic Group should inform the Bank forthwith of any invitations to sit on the Board of a competitor or perform any comparably significant roles, particularly where the intention is to accept such invitation.
- Where the Bank has launched a line of business which competes with another company on which the Director sits, the Director must consider which Board they wish to continue on.
- If the Director fails to or declines to resign, the Bank reserves the right to request such resignation if conflicts of interest appear to be too severe to permit the Director to remain a member of the Board.

Process/Considerations

- Is the potential Director's involvement with the competitor likely to lead to a conflict arising?
- Is the Director sophisticated and sufficiently experienced so as to wear the requisite "different hats" required to avoid a conflict of interest?
- Will the perceived conflict lead to an increased level of recusals?

(2) CLIENTS OF THE BANK

Clients of the Bank are not precluded from membership on the Board.

Directors are classified as related parties of the Bank under the Related Party Policy and where a Director is also a client of the Bank, that client relationship is managed in accordance with Related Party Policy and Procedures.

For example, credit facilities advanced will be approved by the Board and Directors must not participate in the discussion or approval of a related party transaction in which they are interested.

Process

1. The Director should prior to her/his appointment make a disclosure revealing the nature and extent of her/his interest.
2. At the relevant meeting the Director should make a disclosure revealing the nature and extent of his/her interest.
3. The Director should ensure that his/her disclosure is recorded in the minutes.
4. The Director must not participate in the discussion or form part of the quorum.
5. The Director shall not receive any papers or other information on the matter.
6. The Director must always disclose trading in shares of the Bank.
7. The Director must not vote.

The process detailed above also applies when a party to which a Director is related is interested in a material contract or transaction with the Bank. Related party disclosures made upon Directors' appointments and annually thereafter, should inform whether an individual Director has an interest in a material contract or transaction and trigger their recusal.

(3) **SERVICE PROVIDERS OF THE BANK**

Independent of his directorship, a Director of the Bank may be engaged to provide advisory and/or consultancy services required by the Bank.

Such engagements are not prohibited and should be in accordance with the Republic Group's Vendor Management Policy and Procedures and must be disclosed.

Process/Considerations

The crucial issue is whether the engagement is within the best interest of the Bank having regard to all relevant facts including:

1. What pool of options are available to meet the need arising? This will involve a consideration of the expertise.
2. Will sufficient value be received for the consideration invoiced/ to be paid? This will align with provisions within the Related Party Policy.
3. Does the relevant directorship impair the firm's ability to provide independent advice?
4. Will the engagement impair the Director's ability to perform his fiduciary duties?
5. Aside from creating a possible conflict, will any ethical issues arise?

(C) **GEOGRAPHIC FOOTPRINT**

1. Issues surrounding conflicts of interest are not limited by jurisdiction.
2. In considering cross-directorships for competition purposes for instance, it is noteworthy that competitor entities may be found outside the jurisdiction in which the Bank operates, since for example, facilities can be extended by the Bank to clients in other territories.

3. Additionally, where a Director of the Bank serves on the Board of an entity in another jurisdiction, that entity will be regarded a related party, thereby having implications on any materials contracts or transactions it enters into with the Bank and will also prompt the recusal process.

3.2 SENIOR MANAGEMENT CONFLICT

(A) SENIOR MANAGEMENT'S DUTY

The Senior Management consists of those persons delegated with responsibility and accountability to the Board for the sound and prudent day-to-day management of the Bank. The Senior Management of the Bank, like the Directors, have a duty to avoid actual, potential and perceived conflicts of interest.

(B) INSTANCES OF CONFLICT

(1) RELATIONSHIP WITH COMPETITORS

Senior management of the Bank may be invited to serve on the Board of one of the Bank's competitors, on which occasion the Bank's Managing Director should be notified forthwith.

Process/ Considerations

- Will the senior manager's involvement with the competitor likely lead to a conflict arising?
- Is the senior manager sophisticated and sufficiently experienced so as to wear the requisite "different hats" required to avoid a conflict of interest?
- Will the senior manager have sufficient time to dedicate to their role as director without impeding his/her ability to effectively perform his/her duties to the Bank?

Notwithstanding the foregoing, the Bank reserves the right to advise against such external appointments and/or request the senior manager's resignation.

(2) CLIENTS OF THE BANK

Senior managers should sufficiently distance themselves from all transactions with the Bank in which they or those related to them, are interested, and declare such interests to the Managing Director, the Chief Operating Officer, the Company Secretary or the Head of Human Resources. Instances presenting this nature of conflict may particularly apply to those with operational responsibilities for issues such as credit risk.

(3) SERVICE PROVIDERS OF THE BANK

All services engaged by the Bank should be in accordance with its Vendor Management Policy and Procedures, regardless of whether those services are provided by a senior manager or those related to him/her.

3.3 INTRA GROUP CONFLICT

Cohesion within the Republic Group is promoted through accountabilities and reporting lines, thereby facilitating the flow of sensitive or confidential information. While such processes are key to good governance, it creates the potential for conflicts of interest within the Republic Group among entities which must be carefully managed if or when they arise.

3.4 RELATED PARTY TRANSACTIONS/ EMPLOYEE LENDING

All related party transactions are done on an arm's length basis in accordance with the Bank's Related Party Policy and reported to the Board annually. Lending to employees who are not deemed "related" by legislative or regulatory standard are guided by principles and processes established by the Human Resources Department.

4.0 DISCLOSURE

Nominees to the Board and Senior Management must make a declaration to the Board and the Bank of Ghana of their own and related parties' professional, investment and business interests by completing and submitting to the Company Secretary a Disclosure of Interests Form.

Directors must complete a Disclosure of Interests Form annually and update the information whenever there are significant changes in their financial, economic or other interests.

Once a Director suspects that he has a conflict of interest, he must disclose this to the Board, through the Chairman. A conflict of interest may be perceived and reported by someone other than the Director. Whether disclosed by the Director or reported by someone else, the Board will assess the situation to determine whether it amounts to an actual or potential conflict.

The obligations of Directors and Senior Management created by this Policy extends to instances of actual, potential or perceived conflicts of interest. In instances of doubt, the flow chart in the Appendix should aid Directors and Senior Management in understanding their disclosure/reporting obligations, particularly as they relate to perceived conflicts of interest.

The Board shall maintain an up-to-date register for documenting and managing conflict of interest situations in the Bank. The Company Secretary will be the custodian of the Register of Interests and Disclosures.

The Board will ensure that disclosure of conflicts of interest and related party activities are made in the Annual Reports and information on conflicts of interest and potential material conflicts of interest policies are provided to the Bank of Ghana on a quarterly basis.

5.0 NON-COMPLIANCE

While this Policy creates stringent disclosure obligations on the Bank's Directors and Senior Management, the Board reserves the right to take any measure it deems fit where non-compliance with this Policy is identified.

Reporting by way of exceptions will occur in line with the Related Party Policy and Vendor Management Policy and reported in accordance with the Acts and Directives.

6.0 APPLICABILITY

For the avoidance of doubt this Policy applies to all sitting Directors and the Senior Management as at the date of approval of same.

7.0 POLICY REVIEW

This Policy shall be reviewed by the Board every two (2) years. Any amendments to this Policy must be approved by the Board.

Appendix A

