toCustomerId

HORMUUD TELECOM

ADDRESS: AIRPORT ROAD, WABERI, DISTRICT, MOGADISHU-SOMALIA

Email: HR@hormuud.com. Website: www.hormuud.com

CONFLICT OF INTEREST POLICY

Document Tracking

Document ID	HT-HR-CI-PL-04
Document Version	Version 2
Document Owner	HR
Date Created	4th March 2024
Effective date	17th April 2025

Table of Contents

1. Introduction 3
2. Policy Statement 3
3. Purpose 3
4. Scope 3
5. Definitions 4
6. Duty to Disclose 4
7. Ethical Conduct and Responsibilities 4
8. Forms of conflict of interest 5
9. Gifts and hospitality 7
10. Handling of gifts received. 8
11. Declaration of interest 8
12. Failure to make a Declaration. 8
13. Managing the Conflict of Interest Risk 8
14. Managing conflicts at Senior Management and Directors level 9
15. Conflict of interest in suppliers 10
16. Record keeping 10
17. Roles and responsibilities 10
18. Compliance with the Policy 10
19. Training and Communication 11
20. Related policies 11
21. Review of Policy 11
22. Approval 11

1. Introduction

The Conflict of Interest Policy (the "Policy") is designed to ensure that all directors, officers, employees, and other individuals associated with Hormuud Telecom (hereinafter “HT”), a public company incorporated in Somalia, act in the best interest of the Company and its shareholders. This Policy aims to establish guidelines and procedures to identify, disclose, and manage conflicts of interest that may arise in the course of conducting business.

A conflict of interest arises when the personal, financial, or professional interests of an individual or their immediate family members are in conflict with the interests of the Company. Such conflicts may compromise an individual's ability to act impartially and in the best interests of the Company.

Conflicts of interest may be actual, perceived or potential. If not addressed, conflicts of interest may result in corrupt practices, abuse of office, unethical conduct, violation of trust or other illegal activities. Conflicts of interest that are undeclared or improperly managed could therefore result in financial losses, legal, compliance, moral, ethical and reputational risks to HT.

2. Policy Statement

HT is committed to ensuring the highest levels of integrity in all that it does. Staff, Directors, and relevant associates must perform their duties and conduct their private life in a manner that will not put HT in a position where its integrity and reputation of being objective could be questioned.

HT recognizes that its staff and relevant associated companies will develop relationships, friendships and contacts in their personal and working lives. These relationships must, however, not interfere with their duty to act in the best interests of HT. HT staff are obligated to avoid or declare any ethical, legal, financial, or other conflicts of interest as soon as they become aware, failure of which could be a matter of disciplinary process.

3. Purpose

This policy is designed to protect the integrity of and promote continued public trust and confidence in HT by ensuring that any actual, potential or perceived conflicts of interest whether direct or indirect are declared and managed. The policy provides guidance to HT staff on declaration and management of conflicts.

4. Scope

This Policy applies to all directors, officers, employees, and any other individuals who have a contractual or fiduciary relationship with the Company.

This policy applies to all employees of HT staff and all HT’s associated companies (both during and outside regular working hours) including members of staff, Directors, implementing partners, vendors, contractors and any other third party. The term ‘HT staff’ will be used throughout this policy to refer to those within scope.

5. Definitions

i) **Conflict of interest** is when the objectivity, personal judgement or independence of an employee or entity is perceived to be compromised.

ii) **An actual conflict of interest** is a conflict between an individual's duty and the private interests of that individual, in which the individual will have private-capacity interests which could improperly influence the performance of their official duties and responsibilities.

iii) **An apparent or perceived conflict of interest** can be said to exist where it appears that an individual's private interests could improperly influence the performance of their duties, which may not be the case.

iv) **A potential conflict of interest** arises where an individual has private interests which are such that a conflict of interest would arise if that individual were to become involved in relevant (i.e., conflicting) official duties and responsibilities in the future.

v) **Related Party:** A related party includes any person who has a direct or indirect affiliation or relationship with the Company, including but not limited to directors, officers, employees, immediate family members, close relatives, partners, and entities in which the individual or related party has a significant financial interest.

6. Duty to Disclose

All individuals covered by this Policy have an ongoing duty to promptly and fully disclose any actual, potential, or perceived conflicts of interest to the Board of Directors, the designated Committee of the Board or the duly appointed member of staff. The disclosure should cover the following key components: -

i) **Duty to Disclose**: It is the responsibility of every individual covered by this Policy to promptly disclose any actual or potential conflict of interest they may have regarding any matter involving the Company. The disclosure should be made in writing to the appropriate supervisor or the Company's Chief Compliance Officer.

ii) **Contents of Disclosure**: The disclosure should include all relevant facts regarding the conflict of interest, such as the nature of the conflict, the parties involved, and any potential impact on the Company's interests.

iii) **Recurring Conflicts**: Individuals with recurring conflicts of interest are encouraged to make annual disclosures or update their disclosures as necessary.

7. Ethical Conduct and Responsibilities

i) Fair and Impartial Decisions: Individuals covered by this Policy must make decisions and act in a fair and impartial manner, putting the best interests of the Company above personal or other external interests.

ii) Duty to Avoid Conflicts: Individuals covered by this Policy must take steps to avoid conflicts of interest whenever possible. They should avoid situations where their personal interests may influence or appear to influence their judgment or decision-making.

iii) Prohibited Transactions: Certain transactions may be prohibited due to potential conflicts of interest. Individuals covered by this Policy should refrain from engaging in activities, transactions, or relationships that could compromise the integrity or reputation of the Company.

8. Forms of conflict of interest

To determine whether a conflict of interest exists, HT staff should consider whether their private or personal interest could appear to interfere with their objective judgement. The following are situations where a conflict could arise: -

8.1 Personal interest

The majority of personal relationships will not give rise to any concern and can be regarded as a private matter. A conflict of Interest may however arise where one party in the relationship can grant the other an unfair advantage or disadvantage or can exert improper influence over a decision relating to the other. This might attract perceptions of bias and unfair treatment, for example, where an employee: -

i) Makes or significantly influences any decisions about the other party in the relationship, such as selection for employment/promotion, pay and grading, performance management, discipline, access to opportunities and resources or the awarding of contracts for goods and services.

ii) Has a responsibility for the direct or indirect supervision or monitoring of the other party.

HT staff must declare personal relationships that may be perceived to influence decision making.

8.2 Financial Interests

A financial conflict of interest may arise where it could be perceived that a staff (or someone the staff has a personal relationship with) have: -

i) The opportunity to gain financially which prevented another from gaining financially or placed that individual at a disadvantage from the staff's decisions or actions;

ii) Financial interests which may influence the staff's independent judgement and integrity in carrying out his or her role; and,

iii) The opportunity to gain from the award of a particular contract for goods or services.

HT staff must declare personal relationships that may be perceived to influence decision making.

8.3 Political interests

Staff may have firmly held political views, but under no circumstances must these be reflected in any decision-making process or alter aspects of work. Staff must not: -

i) Take part in any political or public activity which compromises, or might be seen to compromise their impartiality;

ii) Allow their personal or political views to determine any advice they give or their actions including publishing personal comments in blogs or other web-based applications; and,

iii) Use HT's resources to extend their political ambitions.

HT staff must declare political ambitions before running for office.

8.4 Board memberships and voluntary services

HT encourages staff members to undertake speaking engagements, serving on boards, take on lecturing and tutoring roles and write articles on the proviso that: -

i) The time spent on such activities does not interfere with official responsibilities.

ii) HT resources are not used towards such activities unless express consent is obtained.

iii) Materials prepared and all activities undertaken in connection with these activities are done on personal time; and

iv) The organization the staff is engaging in is not a beneficiary of HT grants.

Employees must disclose all their board affiliations, voluntary engagements, roles such as lecturers or tutors that could give rise to a perceived, potential or actual conflict of interest.

8.5 Private businesses

Staff must not: -

i) Further their financial interests or private businesses during working hours.

ii) Use HT resources and proprietary information or intellectual property for their private businesses, even where the staff assisted HT to obtain the resources, proprietary information or knowledge, or intellectual property.

iii) Private businesses or commercial activities that might be perceived to conflict with HT's must also be declared.

9. Gifts and hospitality

While accepting gifts and hospitality in certain circumstances may further HT's interests this must be balanced with upholding high standards of propriety and guarding against any reasonable suspicion of perceived or actual conflicts of interest or an undue obligation being created.

Gifts and hospitality should typically not be accepted. However, reasonable small tokens (e.g. inexpensive promotional items or seasonal gifts) from an organization or individual may be accepted provided they do not give rise to the risk of influencing the judgement of the intended recipient of the gift; place the intended recipient under any obligation, or a reasonable perception of the gift representing bribery or other corrupt practice or giving rise to a conflict of interest on the part of the intended recipient. If there is any doubt, the gift must be declined.

Where refusal to accept the gift may be considered to be outside the normal cultural practice, to cause offence, or be impossible or otherwise present a material difficulty, the matter should be referred to the Chief Compliance Officer at the earliest opportunity. The Chief Compliance Officer will determine what further action to take. Gifts received by HT staff must be declared, recorded in the gift and hospitality register and where appropriate handed back to HT. Gifts valued over USD 50 must be declared and approved by the respective line manager before acceptance.

Staff who have accepted a gift or hospitality and find themselves in the position of taking a decision or making a judgement on the provider should also declare a potential conflict of interest.
The providing or accepting of hospitality or entertainment of a reasonable amount is allowed, as long as: -

i) It is not done with the intention of influencing the behavior of the recipient.

ii) It is done openly.

iii) It is within reasonable limits; and

iv) It complies with local law.

10. Handling of gifts received.

All gifts received on behalf of HT will be recorded on the gift and hospitality register. The Chief Compliance Officer will decide on how to handle such gifts. For example, they may be donated to a charity.

11. Declaration of interest

All staff must declare any perceived, potential or actual conflicts of interest. Staff must also declare gifts received under the guidance provided. The declaration must be made at the earliest opportunity possible, failure of which will be a disciplinary matter.

The declaration **must** be made in writing to the Chief Compliance Officer or such other office as shall be provided by the Board of Directors. Verbal declarations or declaration to other staff will not be considered valid. Appropriate forms should be used when making conflict declaration.

Annual mandatory declarations must be made by all staff and Directors; these should be made even where there is no conflict. HT will from time to time, require additional nil declarations to safeguard against perceived risks in significant decision-making points such as onboarding of high-value suppliers, board members or directors.

Potential conflicts relating to the Board Chairman, CEO or the COO will be assessed independently by the Board Audit, Risk & Governance Committee to ensure transparency.

The Directors must also declare any conflicting interest before accepting the appointment and annually after that. Conflicts of interest affecting the Directors will be assessed by the Board Audit, Risk & Governance Committee upon advice by the COO.

An employee who is in doubt or whether or not to declare may first discuss it with the Chief Compliance Officer or the line manager.

12. Failure to make a Declaration.

Failure to declare a Conflict of interest (actual, potential or perceived) or the offer of a gift or hospitality (accepted or declined), appropriate action will be taken in line with HT's grievance and disciplinary policy. This could result in an investigation and the potential of dismissal. Any criminal offences will also be referred to the relevant authorities.

13. Managing the Conflict of Interest Risk

It is the responsibility of line managers to manage conflict of interest risk. The Chief Compliance Officer will provide guidance and oversight over the administration and management of the instance of conflict of interest as follows: -

i) Review and Evaluation: The Chief Compliance Officer or a designated Management committee formed for this purpose shall review all disclosed conflicts of interest and

evaluate the potential impact on the Company. The officer or committee may seek additional information or documentation as needed.

ii) Determination and Mitigation: Upon evaluation, the Chief Compliance Officer or committee shall determine whether a conflict of interest exists and, if so, shall develop a plan to manage, reduce, or eliminate the conflict. The plan may include recusal, divestment, modification of duties, or any other appropriate action deemed necessary.

iii) Documentation: All conflict of interest disclosures, evaluations, and actions taken to manage conflicts of interest shall be documented and maintained by the Chief Compliance Officer or committee.

When an employee declares a conflict, a conflict of interest risk management form must be completed by the line manager. The line manager must discuss the conflict with the staff and decide in consultation with the Chief Compliance Officer. The decision may be: -

i) To continue with the activity but implement actions to mitigate any risk. This could include closer monitoring, revisions to plans, exclusions from decision-making activities and disclosure of all relevant information to others involved in the process; or,

ii) To be excluded from the activity.

iii) Require the individual to recuse themselves from decision-making processes or discussions related to conflicted matters.

iv) Restructure the individual's responsibilities to minimize or eliminate the conflict.

v) Require the individual to divest themselves of any conflicting interests.

vi) Prohibit or restrict the individual from engaging in specific activities or transactions that may give rise to a conflict of interest.

vii) Implement any other reasonable measures deemed necessary to address the conflict.

14. Managing conflicts at Senior Management and Directors level

Conflicts declared by the Chief Executive Officer (CEO), or Directors will be signed off by the Chair of the Board Audit, Risk & Compliance Committee.

Members of the Board Audit, Risk & Compliance Committee must have no direct financial or personal interest in the activities funded by the Company. It is the responsibility of all potential or existing BARC members to declare any interests which may be relevant to these activities. Where a material conflict of interest is judged to exist by the remaining Members, the Member should step down and be replaced.

The Chief Compliance Officer may provide guidance on matters relating to this policy and will be responsible for filing the relevant declarations and reporting to the relevant Board Committee, as necessary.

15. Conflict of interest in suppliers

HT suppliers must hold its staff to similar standards and not put the reputation of integrity and objectivity of HT into question. Arrangements entered into by the suppliers must be free from bias, conflict of interest or the undue influence of others conflicts of interest that have an impact on HT programs must also be declared to HT.

16. Record keeping

The Company will maintain records of all conflict of interest disclosures, evaluations, and actions taken to address conflicts of interest. These records will be securely stored and made available for inspection by the External Auditor, Internal Auditor, or regulatory authorities, as required by law.

17. Roles and responsibilities

All HT staff have a mandatory responsibility to read, understand and adhere to the contents of this policy.

The Chief Operating Officer and **the Chief Executive Officer** are responsible for ensuring that this policy is effectively communicated and implemented throughout the operations of HT.

The HT Board Audit, Risk & Compliance Committee have an oversight responsibility

The HT Directors have the responsibility to ensure that this policy is adhered to and that independent assurance of the integrity of the conflict of interest processes is obtained.

18. Compliance with the Policy

All employees, directors, members of staff and key associates / internal stakeholders have a responsibility to understand and follow this Policy. In addition, the concerned parties are expected to perform their work to always avoid conflict of interest in any areas not specifically addressed by the Policy.

We also interact with consultants, agents, or representatives where their actions may be attributable to us through promoting or selling HT's products or brand and therefore, we should strive to ensure that they conduct themselves in accordance with this policy.

You are required to bring to the attention of management and the designated officer any suspected violations of this Policy. HT will treat the report/information in a confidential manner including keeping your identity confidential and will seek to ensure that no acts of retribution or retaliation are taken against anyone for making a report in good faith concerning any violation of this policy.

Failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report. Because failure to report potential conflicts can itself be understood to condone the practice, we emphasize the importance of reporting.

When an alleged violation of this policy or applicable laws and regulations is reported, the designated Officer of the Company or appointed external party shall investigate the reported incident promptly.

If an investigation indicates that a violation of this Code or applicable law and regulations has occurred, we will take such action as we believe to be appropriate under the circumstances. This may include disciplinary actions, up to and including termination of employment or affiliation with HT, and in appropriate cases, civil or criminal action. Appropriate action may also be taken to deter any future violations.

Nothing in this Policy prohibits or restricts HT from taking any disciplinary action on any matters pertaining to directors or employee conduct, whether or not they are expressly discussed in this document.

If any provisions within this Policy conflicts with applicable laws and regulations in Somalia and/or any other jurisdiction that we operate in, the laws and regulations take precedence.

19. Training and Communication

The Company will provide training on this Policy to all directors, officers, employees, and related parties to ensure understanding and compliance. The Policy will be communicated to all relevant stakeholders and made available on the Company's website or other appropriate channels.

20. Related policies

This policy should be read in conjunction with the other operational policies within HT.

21. Review of Policy

The Conflict of Interest Policy shall be reviewed from time to time by the Board Audit, Risk & Compliance Committee to ensure its continued relevance and application based on the changing environment in which HT operates.

22. Approval

The Conflict of Interest Policy has been reviewed and approved by the Board of Directors and is effective from 17 April 2025