

CONFLICT OF INTEREST POLICY

Policy Area		
Approved Date		
Approved By		
Responsible Manager		
Effective Date		
Current Version		1.0

This policy is intended to guide customers and staff to understand the organisation's approach to any conflict of interest. It is our policy to inform all customers of the existence of this policy, and make it available from our offices, on request. Customers will be informed of the existence of, and access to this policy in our disclosures to them.

SCOPE

This policy covers all individuals working at all levels and grades, including managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual staff and volunteers (collectively referred to as staff or employees)

All staff are responsible for their own compliance with this policy and for ensuring that it is consistently applied. All staff should ensure that they take the time to read and understand their roles and responsibilities in respect of it. Breach of this policy will be dealt with under our Disciplinary Procedure and may be treated as gross misconduct which could result in dismissal. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

REVIEW OF THIS POLICY

The policy shall be reviewed annually to ensure that it meets legal requirements and reflects best practice. All staff are to be trained in respect of this policy and understand their roles and responsibilities in respect of it.

PURPOSE/SUMMARY

The business conducts its business honestly and ethically wherever we operate. The business will not compromise its principles for short-term advantage. The ethical performance of this business is the sum of the ethics of people who work here; thus, we are all expected to adhere to high standards of personal integrity. We also need to acknowledge that operating a business naturally creates conflicts increases reputational risk; often to dangerous levels."

DEFINITIONS :

"Conflict of interest: This applies when we render a financial service to our customers and where we (provider or representative) have an actual or potential interest that may:

- a) influence the objective performance of obligations to our client
- b) prevents us from rendering an unbiased and fair financial service to our client
- c) prevents us from acting in the interests of our client"

"This includes, but is not limited to:

a) a financial interest

(Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration , and includes travel and accommodation in respect of training)

b) an ownership interest

(any ownership interest which was bought for fair value, and any dividend, profit share or similar benefit derived from this)

c) any relationship with a third party

A third party is:

- a) A Product supplier or its associate*
- b) Another financial services provider or its associate*
- c) A Distribution channel*
- d) any person who provides a financial interest to a provider/ representative as result of an agreement with a product supplier or its associate*
- e) any person who provides a financial interest to a provider/ representative as result of an agreement with another FSP or its associate*

INTRODUCTION

A conflict of interest may exist when a member of staff is involved in an activity or has a personal interest that might interfere with his or her objectivity in performing business duties and responsibilities. These types of conflicts may appear as favouritism or otherwise damage the reputation of the business or its employees.

Certain activities may also have the potential to affect the staff member's objectivity. These would include activities that could reflect negatively on the reputation of the business and its employees. Activities which may constitute a conflict of interest include outside employment in areas similar to those in which the firm is involved or doing outside work for customers, suppliers, vendors, or competitors of the business or operating as a supplier to the business.

An actual conflict of interest does not need to be present to constitute a violation of this procedure. Activities that create the appearance of a conflict of interest must also be avoided to ensure that the reputation of the business and its employees are not harmed.

Holding a financial interest in a business concern that is a supplier, client, partner, subcontractor, or competitor of the business constitutes a conflict of interest under certain conditions

Personal interests of employees must not influence, or appear to influence business transactions. This procedure provides the requirements for managing, avoiding and disclosing potential conflicts of interest and the process for obtaining a conflict of interest review. Personal interests may include working relationships and/or financial interests with immediate family members or relatives.

The purpose of this document is to provide our stakeholders with appropriate information in relation to the processes the firm adopts to manage conflicts of interest or potential conflict of interest situations.

Below you will find a summary of the principal conflicts that exist in our business and the steps we take to manage them.

Associates and third parties in which we hold an interest, or share, or who hold an interest or share in our business: (interest includes family members or close relatives, or related parties)

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Representative incentives and remuneration

Our representatives are remunerated in accordance with prevailing commission legislation, unless fees are agreed to in writing with our customers before financial services are provided. This will be disclosed and consented to in writing before any services are provided.

Referral and/or marketing fees are occasionally received or paid by the business to third parties for the referral of custom, or for marketing our business, and these include the following:

.....

IDENTIFYING CONFLICTS OF INTEREST

In managing conflicts of interest, our procedure is to:

- (1) identify any conflicts of interest;
- (2) assess and evaluate those conflicts; and
- (3) decide upon, and implement, an appropriate response to those conflicts

It is this firm's policy to avoid all possible conflicts of interest, but if this is not possible, then full disclosure of this conflict must be made in writing to our customers. Part of managing conflicts of interest is making appropriate disclosures.

Our customers will be adequately informed about any conflicts of interest that might affect the provision of financial services to them. This means providing clear, concise and effective disclosure so that customers can make an informed decision about how the conflict might affect the relevant service.

When any staff member of the business suspects a potential conflict of interest, that person must discuss the matter with his/her immediate superior. The content of the discussion as well as any decision made must be recorded on the appropriate form.

The superior and staff member will accept joint responsibility for the decision taken unless the decision is put forward for ratification to a more senior person in the business. In assessing whether a conflict is material or of a lesser nature, regard must be had to the impact that such a conflict will have on the business's reputation, financial loss and internal erosion of ethical standards.

Where a conflict is identified and a decision made, the decision must be communicated in writing as soon as possible. This applies regardless of whether the decision was made to stop doing business or continue with the business, despite the existence of the conflict.

The following is a list of possible strategies :

- (1) Avoid the conflict of interest
- (2) Mitigate the impact
- (3) Where this is not possible, full disclosure of the Conflict of Interest (COI.) which will then place the customer in a position where he can decide whether he wants to proceed or not.

Written records of how conflicts of interest are managed, together with all reports referred to, must be kept for a period of 5 years and be available for inspection by the compliance officer on request. (for example, records of disclosures made and actions taken over any breaches of policies and procedures)

All decisions made must be reported monthly to the responsible person (see Register of Roles). The governing authority of the firm will review all conflicts every quarter and make recommendations regarding steps to avoid a recurrence of those aspects.

MATERIAL CONFLICTS:

Officers, directors and employees must avoid representing the business in any transaction with others with whom there is any outside business affiliation or relationship, unless this is fully disclosed, and agreed to, by all affected parties. Officers, directors, and employees must avoid using their business

contacts to advance their private business or personal interests at the expense of the business, its customers or affiliates.

Officers, directors, and employees of the business must never permit their personal interests to conflict, or appear to conflict, with the interests of the business, its customers or affiliates. This may include but is not exclusive to:

- Real or perceived financial gain resulting from recommendations to our customers at a cost to the customer.
- An outcome in service delivery or a transaction that may differ from the real interest of the client.
- Any non-cash incentives that may be received by the business from affecting any transaction and / or product.
- Effecting a transaction and / or product that may result in a benefit to another party other than the client.

Prohibited activities/ gifts

- International “incentive trips”, conferences, accommodation and travel arrangements paid for by a product supplier or another FSP (including any part payment)
- Domestic “incentive trips”, conferences, accommodation and travel arrangements paid for by a product supplier or another FSP including any part payment
- Product supplier sponsorships to attend and/or hold international or domestic conferences where these are done subject to a certain amount of business being placed with the product supplier
- Provision of motor vehicles by a product supplier or other FSP
- Mortgage bonds and/or other loans on more favourable terms than those normally available in the market to the firm or its representatives by a product supplier or another FSP
- Payment or provision of all or part of any business service or business expense, by a product supplier or another FSP, such as:
 - Office rental;
 - Computer hardware and commercial software;
 - Provision of staff or payment of all or part of staff salaries
- Incentive remuneration (“production bonuses”) for placing business with only 1 supplier, or for only 1 product of a supplier, where a choice is available
- Participating in any activity that might lead to or give the appearance of unapproved disclosures of the business’ confidential information or customer confidential information
- Using an official position to obtain special privileges or advantages from individuals or businesses
- An employee, officer or director may serve on external boards, only if approved by the governing body
- No person may seek or hold outside employment without written authorisation

Insider trading

Officers, directors and employees of the business will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that this information is strictly safeguarded.

This information – whether it is on behalf of our business or any of our customers or affiliates – could include strategic business plans, operating results, marketing strategies, customer lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about this business, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

No disclosure of confidential information is permitted without written permission of the customer or the most senior manager of this business. Misuse of material inside information in connection with trading in the business's securities can expose an individual to civil liability and penalties.

Directors, officers, and employees in possession of material information not available to the public are "insiders." Spouses, friends, suppliers, brokers, and others outside the business who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders."

Persons are prohibited from trading in, or recommending the sale or purchase of, any business' securities, while possessing inside information which is regarded as "material".

Rules:

- Until the material information has been publicly released by the business, an employee must not disclose it to anyone except those within the business whose positions require use of the information.
- Employees must not buy or sell a business's securities when they have knowledge of material information concerning the business until it has been disclosed to the public and the public has had sufficient time to absorb the information
- Employees shall not buy or sell shares of another corporation, the value of which is likely to be affected by an action by the business of which the employee is aware and which has not been publicly disclosed.
- Officers, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.
- Officers, directors and employees may not gather competitor intelligence by illegitimate means and must refrain from acting on knowledge which has been gathered in such a manner. The officers, directors and employees of the business will seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

LESSER CONFLICTS:

Gifts and marketing items

Personal gifts to the maximum value of R1000 per annum may be accepted from associates or product suppliers, and each of these must be recorded in the Gifts Register. Where this limit is exceeded, or potentially going to be exceeded, the gift must either be returned or paid for by the recipient.

Activities Requiring Full Disclosure:

We, or some other person connected with us may have an interest, relationship or arrangement that is material to the service, or transaction concerned.

To manage such conflicts, we require our staff members to fully disclose, and disregard when dealing with our customers :

- The fact that during the preceding 12 month period, the provider received more than 30% of total remuneration, including commission from a product supplier – this information will be found on our Statutory Disclosure
- Our Financial interest in any supplier, customer or competitor entity.
- Acting as an employee, officer, director, consultant, representative, or agent for a supplier, client, partner, subcontractor, or competitor.
- Engaging in any activity that could create the appearance of a conflict of interest, which may impair the reputation of the firm for impartiality and fair dealing.
- Entertainment, tickets for sporting and other events with a value of less than R1000 per person in total for the year. This only applies to items which a representative can use for personal benefit, or the value gets added to the R1000 permitted for the FSP in total. Prior written approval is required for this.
- Domestic educational or professional development conferences (not based on sales volumes) including any part payment towards the costs. This does not include travel and accommodation expenses, which may not be accepted
- Sponsorship of domestic provider events, including conferences, by a product supplier.

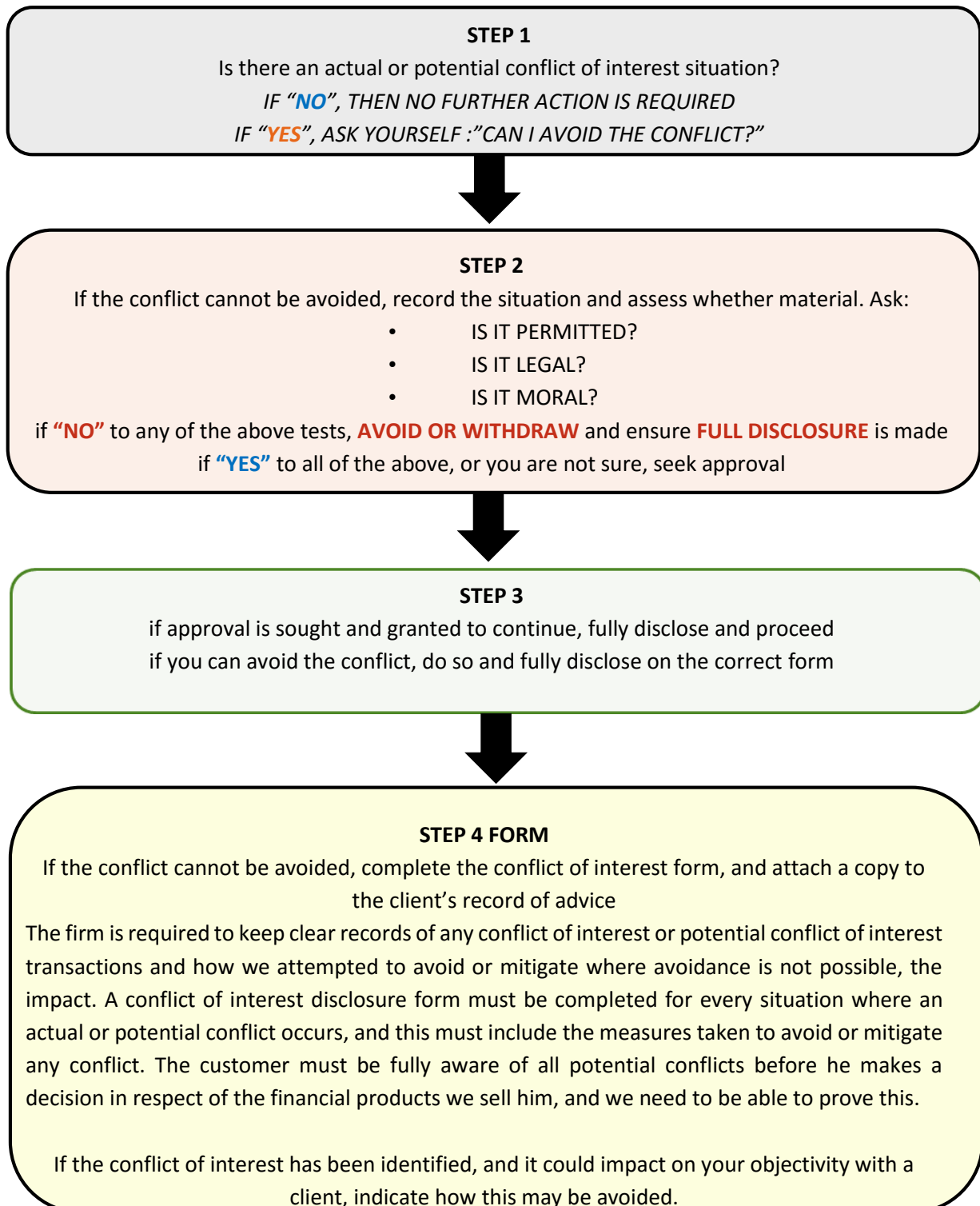
Benefits which do not need to be disclosed

Computer software linked to a product supplier's products, such as a product-linked advice tool.


CONFLICT OF INTEREST PROCESS

Employees, mandatories and representatives may be faced by ethical questions on a daily basis. It is easy to make a 'wrong' ethical choice when there is no ethical structure in place.

If you find yourself in a position where you think a potential conflict of interest may happen, the following process must be followed:



All sections of the form are to be completed



The form is to be signed by the customer to acknowledge that the disclosure has taken place and that he has been notified of the potential conflict of interest situation. All measures to avoid or mitigate the conflict must also be recorded.

Copies of the form:

1. Make a copy of the Form for your records.
2. Forward a copy of the form to the responsible person and ensure that your copy has been signed as proof of receipt.
3. Attach a copy of the Form to the record of advice

CONFLICT OF INTEREST CHAMPION

This is the person responsible for overseeing the management of the business' Conflict of Interest policy and as such responsible for remaining updated and informed.

Duties:

- responsible for ensuring the firm has a written conflict of interest policy
- responsible to ensure everyone is trained on this policy
- responsible to follow the written procedure manual in respect of managing conflict of interest.
- responsible to annually update the policy.
- responsible for ensuring proper recordkeeping and
- ensuring that a conflict of interest disclosure form is completed where appropriate, disclosed to the relevant parties, and kept on record
- responsible for forwarding all reports to the Governing Authority in the first week of every month for further action

Treat all records about this matter as confidential. Sharing information should be on a "need to know basis".

When receiving a COI form:

- Ensure that you countersign the form and provide the staff member with a copy for their records
- Review the Form before any decisions are made.
- Note any additional information you receive or elaborations as you will be considering this information as you address the conflicts of interest
- Identify whether the COI will be material or not . Refer to the business' policy manual for dealing with either material conflict of interest situation(s) or lesser COI situations

- Develop a strategy to address the reported conflicts
- Consult with others if necessary. Make the final determination for addressing these reported conflicts.
- Where written consent is required to continue with a transaction, provide written permission to proceed if appropriate
- Provide written confirmation that the reported conflict of interest has been addressed and forward to the Governing Authority at least monthly
- Keep all Forms and written communication (e.g., e-mail, letters, your notes to file involving you and the Investigator or you and others) for no less than five years.

I, COI CHAMPION (name)....., ID:.....am aware of my duties and responsibilities in terms of the Firm's conflict of interest policy. I accept my appointment and will comply with all internal requirements as set out in the business policy and procedure.

Name of Firm:.....

Date:.....

Signature:

CONFLICT OF INTEREST DISCLOSURE FORM

DISCLOSURE OF POTENTIAL BUSINESS CONFLICT OF INTEREST

Name:

Date:...../...../.....

Title:

E-Mail Address:

Customer:.....

2. Describe **in detail** the nature of the potential business conflict of interest:

3. Describe how you attempted to avoid this conflict of interest

4. Decision taken in respect of conflictual situation

The information provided on this form is correct to the best of my knowledge.

.....

Signature

...../...../.....

Date

COI champ counter-signatory:

Resolved that:

Signature:

Date:

Logged in register: