

CONFLICT OF INTEREST POLICY

- **Purpose/Summary**

The business conducts its business honestly and ethically wherever we operate in the world. We constantly improve the quality of our service, products and operations and strive to create and maintain our reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgement. No illegal or unethical conduct on the part of officers, directors, employees or affiliates is in the business's best interest.

The business will not compromise its principles for short-term advantage. The ethical performance of this business is the sum of the ethics of the men and women 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.

- **Version**
August 2018
- **Applies to:**
This procedure applies to all employees and mandated representatives of the business.
- **Maintained by:**
Adriaan Louw
- **Approved by:**
The members
- **Summary of Changes:**
No changes
- **Definitions:**
Conflict of interest: applies when rendering a financial service to our clients 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 travel, hospitality, accommodation, sponsorship, other incentive or valuation 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/officer/director or employee is involved in an activity or has a personal interest that might interfere with his or her objectivity in performing business duties and responsibilities.

Such conflicts may appear as favouritism or otherwise damage the reputation of the business or its employees.

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.

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.

The purpose of this document is to provide our clients with appropriate information in relation to the policies we have in place to manage conflicts of interest.

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

Our list of associates and third parties in which we hold an interest includes:

**ADRIAAN LOUW
SANTAM LIMITED**

- **Representative incentives and remuneration**

Our representatives are remunerated as follows:

We strive to ensure our employees remain motivated whilst at the same time ensuring this remuneration scheme does not encourage inappropriate behaviour. We recognise this conflict and through our monitoring mechanisms remain alert to potential abuse. It is the policy of the business that no representative shall be remunerated or receive a financial interest as part of an incentive structure with its main or sole aim to increase production.

Incentives and production bonuses must take into account

- A combination of quantitative and qualitative criteria;
- And not be limited to a specific product supplier
- And not be limited to a specific product

Any incentive or bonus must be approved by ADRIAAN LOUW in writing prior to being implemented. All incentives must be disclosed to clients of the business and must be attached to this policy, together with a description of the nature and basis of participation and any other rules as well as the duration of the incentive project.

- **Identifying Conflicts of Interest**

To adequately manage conflicts of interest, the business must identify all relevant conflicts timeously. Two levels of identification are employed:

BUSINESS LEVEL: The managing body will annually identify an index of potential conflict risks. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis.

STAFF LEVEL: All employees, including compliance officers and management are responsible for identifying specific instances of conflict and are required to notify their manager of any conflicts they may become aware of.

- **Management of Potential or Actual conflict of interest**

In managing conflicts of interest, our procedure is to:

Identify the conflicts of interest;

Access and evaluate those conflicts; and

Decide upon, and implement, an appropriate response to those conflicts.

The following is a list of possible management strategies to manage the potential or actual conflict of interests:

1. Avoid the conflict of interest
2. Mitigate the impact
3. Where this is not possible, full disclosure of the Conflict of Interest (COI)

- **Material Conflicts:**

Where a conflict will have a serious potential impact on our clients or our business, it must be avoided. Only Adriaan Louw or person authorised by him may make the final decision regarding a material conflict.

Officers, directors and employees must avoid representing the business in any transaction with others with whom there is any outside business affiliation or relationship.

Officers, directors and employees must avoid using their business contacts to advance their private or personal interests at the expense of the business, its clients, and its affiliates.

Officers, directors and employees of the business must never permit their personal interest to conflict, or appear to conflict, with the interests of the business, its clients, or affiliates.

This may include but is not exclusive to:

- Real or perceived financial gain resulting from recommendations to our clients at a cost to the client.
- 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.

- **Lesser Conflicts:**

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 contents 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 such a conflict will have on the business's reputation, financial loss and internal erosion of ethical standards.

- **All decisions made must be reported monthly to:**

ADRIAAN LOUW by the most senior person involved in that decision.

- **Disclosure and record keeping:**

It is this business's policy to avoid all possible conflicts of interest, but if this is not possible, then full disclosure must be made in writing to our clients. Part of managing conflicts of interest is making appropriate disclosures. Our clients 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 clients can make an informed decision about how the conflict might affect the relevant service.

Where a conflict is identified and a decision made, the nature of the decision must be communicated to the third party 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.

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).

- **Management and Mitigation**

The Executive Committee of the business will review all conflicts every quarter and make recommendations regarding steps to avoid a recurrence of those aspects. ADRIAAN LOUW will accept responsibility for the implementation of all steps necessary. Notice of the attention paid to conflict of interest must be contained in the minutes of the meetings of the executive committee/managing body and the relevant extracts of the minutes must be made available to the business's compliance officer on request, to enable the compliance officer to report on compliance with this policy.

- **Gifts and Inducements**

The official policy of the business is as follows:

- No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organisation in order to attract or influence business captivity.
- Officers, directors and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment, in order to attract or influence business activity.
- Any gifts or gratuities over the value of R1000 (annual calendar year total) from any other person or their associate as defined in the Financial Services Board Notice 58 of 2010, may not be accepted by any person in the organisation and neither may such gifts or incentives be given by any person in the business, to any third party.
- No gifts or gratuities may be accepted or given without written consent from ADRIAAN LOUW and all such gifts must be registered in the non-cash incentive/gifts register.
- In exercising discretion, ADRIAAN LOUW, must have regard to any commission regulations or other laws which may be breached by the receipt of such gift. A written statement from the giver explaining the reason for and purpose of the gift must accompany any request for authorisation.
- This provision also applies to invitations to any functions, including lunches, dinners, training interventions and prize-givings.
- The gifts register shall be a book with fixed pages and all entries must be made in chronological order in the book. No pages may be removed from the book.
- Alternatively an electronic register may be kept provided that the risk of tampering is mitigated.
- The gifts register shall be audited by ADRIAAN LOUW once a month to determine whether any gifts or incentives exceeded the aggregate value of R1000.
- The results of the audit shall be communicated to the CEO. In determining whether any gift or incentive is to be allowed, the CEO shall have regard to this report.

- **Examples of Conflicts of Interest**

- Personal interests may include working relationships and/or financial interests with immediate family members or relatives.
- Activities include employment in areas similar to those in which the Business is involved
- Outside work for clients, suppliers, vendors, or competitors of the business.
- Operating as a supplier to the business
- Activities that have the potential to affect the staff members objectivity
- Activities that could reflect negatively on the reputation of the business and its employees

- Holding a financial interest in a business concern that is a supplier, client, partner or subcontractor, or competitor of the business constitutes a conflict of interest under certain conditions.
 - Incentive remuneration for placing a quantity of 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 client 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 non-profit, governmental or for-profit governance boards, however, if such service in any way could create an actual or perceived conflict of interest, the service must be disclosed, and approved by the governing body of the business.
 - No person may receive or solicit outside employment, including paid service on a governance board, or compensation that would impair the independence of judgement of the individual in performing duties as an employee of the business.
- **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 clients:
 1. Financial interest in any supplier, client or competitor entity.
 2. Acting as an employee, officer, director, consultant, representative, or agent for a supplier, client, partner, subcontractor, or competitor.
 3. Engaging in any activity that could create the appearance of a conflict of interest, which may impair the reputation of the Business for impartially and fair dealing
 - **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 such information is strictly safe guarded.
 This information- whether it is on behalf of our business or any of our clients or affiliates – could include strategic business plans, operating results, marketing strategies, client lists, personnel records, upcoming acquisitions and diversities, 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 client 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.
 Under current legislation, 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 employees are also “insiders”.

The Act prohibits insiders from training in, or recommending the sale or the purchase of, the business's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any with which we do business, which could be affected by the inside information.

The following guidelines should be following in dealing with inside information:

- Until the material information has been publically 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 the 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 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 publically 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 will refrain from gathering competitor intelligence by illegitimate means and 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 making disparaging comparisons of the services and competence of their competitors.

- **Staff training and general awareness**

All the business's staff must be trained on this policy. A copy of the policy will be provided to each staff member at inception of that staff member's duties and updated versions must be circulated as and when they are updated.

It is the responsibility of ADRIAAN LOUW to ensure that the provisions of this paragraph are complied with. It is our policy to inform all clients of the existence of this policy, and make it available to such clients in the following manner:

- Website
- Available at reception

This shall be monitored by ADRIAAN LOUW.

Violation of this Code can result in disciplinary action being taken against the person, including possible termination of services. 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.