

## CONFLICT OF INTEREST POLICY

Our Conflict of Interest policy provides for identifying, managing, avoiding and disclosing potential conflicts of interest and the process for obtaining a conflict of interest review.

### PURPOSE

Illegal or unethical conduct is not in our best interests. We will not compromise our principles for short-term advantage. All staff members are therefore expected to adhere to high standards of personal and professional integrity. Conflicts of interest arise when someone has an affiliation or interest that will or may compromise, or have the appearance of compromising, their impartiality, incentive and/or ability to fulfil their duties, to clients.

### DEFINITIONS

Conflicts of interest may arise where an individual's personal or family interests and/or loyalties conflict with those of the entity.

Conflict of interest may further arise where a financial service is provided to customers and where the organisation, Directors or employees have an actual or potential interest that may:

- a) influence the objective performance of obligations to clients;
- b) prevent us from rendering an unbiased and fair financial service to clients;
- c) prevent us from acting in the interests of clients.

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** that either receives or provides a financial interest to a provider or representative. A third party is:
  - 1. A Product supplier or its associate
  - 2. Another financial services provider or its associate
  - 3. A Distribution channel.

## **POLICY**

As fiduciaries, the Director has a common law duty as well as a statutory duty to avoid any conflict of interest and to act in the best interest of the organisation at all times.

Officers and employees may not permit their personal interests to conflict with the interests of the organisation or its clients.

Failure in statutory and/or fiduciary duties of conduct expected from the Director could lead to personal liability and exposure.

The onus of proof on the Director is to prove on a balance of probabilities that they performed the necessary investigations in order to identify their own possible conflicting interests, and also those of staff and of any related party, and that these have been disclosed and actioned appropriately.

## **IDENTIFYING CONFLICTS OF INTEREST**

We must:

- a) identify actual or potential conflicts of interest;
- b) assess and evaluate those conflicts; and
- c) decide upon, and implement, an appropriate response to those conflicts.

All staff, compliance officers and management, are responsible for identifying specific instances of conflict and must immediately notify management of any identified actual or potential conflicts of interest.

## **MANAGING CONFLICTS OF INTEREST**

Conflicts of interest, and activities that create the appearance of a conflict of interest must be identified, avoided, and where this is not possible, mitigated and disclosed. Where a conflict will have a serious potential impact on clients or the business or leads to advice or action that is inappropriate or compromises client interests, it will not be tolerated and must be avoided.

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

## **DECLARING CONFLICTS OF INTEREST**

Where a conflict cannot reasonably be avoided, the impact must be mitigated, and we must fully disclose the situation, in writing, before proceeding or before any services are provided. This means providing clear, concise, and effective disclosure so that impacted parties can make an informed decision about the conflict.

## **ASSOCIATES AND 3RD PARTIES**

An association with, or third party in which an interest is held, may be perceived as a conflict of interest. Associations and interests include common Directorships, Key Individuals and representatives on multi- FSPs, group structures, common shareholding or interests in other businesses etc. To mitigate this, it is our policy to fully disclose all relationships in enough detail so that stakeholders can understand the nature of the relationship or arrangement and the actual or potential conflict of interest. We do not have any associates or third party relationships with any FSP's.

## **FINANCIAL INTERESTS**

Holding a financial interest in a business concern that is a supplier, client, partner, subcontractor, or competitor of the business can constitute a conflict of interest. We have the following interests: Graeme Turner is a shareholder of Anglorand Forex (Pty) Ltd as well as in Smart Solar (Pty) Ltd.

## **INDEPENDENCE**

We may not describe our organisation or the financial services we render as "independent" if there is any direct or indirect:

- ownership interest, or
- arrangement or relationship (which may constitute a conflict of interest)

with any product supplier whose products we utilise.

Where more than 30% of our income is received from a provider or their associate, or where we have interest of 10% or more in any product provider or their associate, this will be disclosed.

## **PERSONAL INTERESTS**

Personal interests can constitute a conflict of interest. Personal interests include working relationships or financial interests with immediate family members or relatives. This may appear as favouritism or otherwise damage our reputation.

This includes, but is not limited to:

- Directly or indirectly benefiting financially from recommendations which incur a cost to the client and is not part of the client mandate;
- Receiving non-cash incentives from affecting any predetermined transaction and / or product.
- Effecting a transaction and / or product that may result in a benefit to another party other than the client
- An outcome in service delivery or a transaction that may differ from the real interest of a client.

The Director and employees shall avoid using their organisation contacts to advance their private business or personal interests at the expense of the organisation, its clients 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 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 a party other than in the normal course of business and at the expense of the client.

## **OUTSIDE RELATIONSHIPS**

An employee, officer or director may serve on external non-profit, governmental or for-profit governance Director which does not give rise to a conflict of interest; however these services must be disclosed, and recorded and considered as such by the Director.

The Director and employees must be particularly careful to avoid representing the organisation in any transaction with others with whom there is any outside business affiliation or relationship and must avoid using business contacts to advance their private business or personal interests at the expense of the business, clients, or affiliates.

Where we have staff who are employees, officers, directors, consultants, representatives, or agents for a supplier, client, partner, subcontractor, or competitor, this must be fully disclosed to our clients and logged in the Conflict of Interest Register.

No employee may receive or solicit outside employment, including paid service on a governance Director, or compensation that would impair the independence of judgment of the individual in performing their duties.

Where the Director has an outside affiliation or relationship with a third party, this must be fully disclosed in the conflicts of interest register. The business is not prohibited from doing business with such entities should it be in its best interests.

The above aims to ensure that the organisation and its clients are fully protected from undue and uncompetitive behaviour by product suppliers and their representatives. The ultimate objective is to ensure that customers at all times receive the best possible service.

## **INSIDER TRADING**

The Director and employees in possession of material information relating to securities not available to the public are “insiders.” Spouses, friends, suppliers, brokers, and others who may have acquired the information directly or indirectly are also “insiders.”

“Insiders” may not trade in, or recommend the sale or purchase of any securities, where the information they have regarding the securities is material. Where inside information is important enough to influence any person to buy or sell securities, the insider may not trade, sell, or make any recommendations to anyone regarding this.

The following rules apply:

- Material information in respect of the business may not be disclosed to anyone except authorised persons, until it has been publicly released.
- No person may buy or sell 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 may not buy or sell shares based on inside information, where the share price may be affected by the information.
- Information must be reported accurately and honestly, and as required.
- Competitor intelligence may not be gathered illegally, and no person may act on illegally obtained information.

- Exaggerating or disparaging comparisons of the services and competence of competitors must be avoided.

Misuse of material inside information in connection with trading in securities can expose the organisation and the individual to legal liability and penalties.

## **REPRESENTATIVE INCENTIVES AND REMUNERATION**

We try to ensure employees remain motivated, while ensuring that remuneration structures do not encourage inappropriate behaviour or result in actual or potential prejudice to clients. We recognise this conflict and through our monitoring mechanisms remain alert to potential abuse.

Where financial services are provided in terms of FAIS, regulated commissions and fees are received. Where we charge fees, these must be reasonable, agreed to by the client and commensurate with the services we provide, taking into account the nature of the service and the resources, skills and competencies reasonably required for performance. Fee payments will not result in our being paid twice for the same service.

Our clients must agree to the amount, frequency, and payment method of our remuneration and the details of the services which are to be provided before any service is provided. Clients may terminate their relationship with us if these charges are not acceptable to them.

Any incentive or bonus scheme must be approved in writing. Incentives and production bonuses must take into account both quantity and quality aspects, including the fair treatment of clients, and may not be limited to a specific product supplier and a specific product where there is a choice. We do not offer any financial interest to our representatives for:

- The quantity of business secured without also giving due regard to the delivery of fair outcomes for clients and quality of the service rendered;
- Giving preference to a specific product supplier where a representative may recommend more than one product supplier to client; or
- Giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

## **REFERRAL REMUNERATION**

We have a structure of employing business introducers, who are remunerated as a percentage of the advisory fee.

The receipt or payment of referral commission or fees may be deemed an actual or potential conflict of interest. This practice is common and is permitted, subject to the following:

- All referral fee arrangements must be approved in writing, before implementation, and we must ensure that no client is treated unfairly or prejudiced in any way.
- A written agreement must be concluded between the parties which dictates the terms and conditions of the agreement. Fee arrangements and disclosure requirements must be included as a part of the contract that is written and signed by both parties.
- Confirmation must be provided in writing, that the referred matter does not present a conflict of interest.

We must disclose to clients and prospective clients, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services. This disclosure must be in clear language and stipulate the parties, the amount, and the reason for the consideration.

Details will be disclosed on a case-by-case basis.

## **GIFTS, BRIBES, AND INDUCEMENTS**

No bribes, kickbacks, gifts, gratuities, fees, bonuses or excessive entertainment or other similar remuneration or consideration may be given to or received from anyone in order to attract or influence business activity. Staff may not use an official position to obtain special privileges or advantages from individuals or businesses.

Representatives are permitted to receive gifts, sporting tickets, vouchers or other items from a product provider, or other financial services provider, or their associate, to the maximum value of R1 000 (one thousand rand) per calendar year, per provider. This provision also applies to invitations to any functions, including lunches, dinners, training interventions and prize-giving. The FSP may receive a similar amount per year. The amounts due to representatives are for personal consumption and may not be accumulated as a lump sum for the FSP's benefit.

Any gifts over the value of R1 000 (annual calendar year total) may not be accepted and must either be returned or paid for by the person in question.

Details of all gifts, both received and given, must be registered in the non-cash incentive and gifts register within 5 working days of receipt with the following information:

1. Date of receipt
2. Recipient
3. Donor
4. Reason
5. Description of item
6. Value of item
7. Running total

## **SOFT COMMISSIONS**

Soft commission is commission given in a non-cash form. Soft commission frequently raises problems due to lack of transparency and in an investment context because investor funds may be used to pay soft commission in ways that are not apparent to them.

We must not enter into any soft commission agreement unless this arrangement is in writing, and in the interests of clients. Where a soft commission agreement is in place, the following conditions apply:

- any business transacted under a soft commission agreement must not conflict with best interests of clients;
- where a client may be affected by a soft commission agreement, full disclosure of the agreement must be made, including how the soft commission agreement may affect them, before the transaction is complete;
- a copy of the soft commission agreement must be made available to the client on request;
- goods or services received under a soft commission agreement must be used to assist in the provision of services to clients; and
- clients must be provided with full details of any changes in the policy on soft commission agreements promptly after implementation of any such changes.

## **COMPETITORS**

The Director 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 Director and employees will avoid exaggerating or disparaging comparisons of the services and competence of their competitors.



## **CONFIDENTIALITY**

Proprietary, confidential, and sensitive business information about our organisation, other companies, clients, individuals and entities must be treated with sensitivity and discretion and only shared on a need-to-know basis, when there is proper authority.

No disclosure of confidential information is permitted without written permission of the client (in respect of client information) or the most senior manager. Participating in any activity that might lead to or give the appearance of unapproved disclosures of the business' confidential information or client confidential information is not allowed.

## **REPORTING, ASSESSING AND RECORDS**

When any staff member of the organisation suspects a potential conflict of interest, that member shall be obliged to discuss the matter with the Key Individual who will solely determine whether that conflict is material or not. The discussion as well as any decision made will be documented in the form of minutes. In assessing whether a conflict is material or of a lesser nature, consideration will be given to the impact that such a conflict will have on the organisation's reputation, financial loss and internal erosion of ethical standards.

Where a conflict is identified and an action decision is made, the decision must be communicated in writing as soon as possible. Where a conflict is identified and a decision made, the nature of the decision must be also be communicated to the offending party in writing as soon as possible. This applies regardless of whether the decision was made to cease doing business or continue with the business at hand despite the existence of the conflict. It is important for the preservation of the corporate integrity that these disclosures are made at all times.

We must keep written records of conflicts identified, how these conflicts of interest are managed, and all reports (for example, records of disclosures made, and actions taken over any breaches of policies and procedures) for a period of 5 years. These will be made available for inspection by the compliance officer on request.

## **MANAGEMENT REPORTING**

Staff must report every suspected or actual transgression. Once there is a conflict of interest, employees may find it difficult to perform their duties or carry on with their work responsibilities impartially. Identified conflicts and decisions and actions in terms of these must be reported regularly to the Director, who will review the conflicts and make recommendations regarding steps to avoid a recurrence of those aspects.

All conflicts or potential conflicts must be reported in writing to the Key Individual.

The Director will review all conflicts on a regular basis and make recommendations regarding steps to avoid a recurrence of those aspects. Notice of the attention paid to conflict of interest must be documented and must be made available to the Compliance Officer on request, the purpose of which is to enable the Compliance Officer to report on compliance with this policy.

The Key Individual will accept responsibility for the implementation of all steps necessary.

## **DISCLOSURE OF POLICY**

We disclose our Conflict of interest Policy by way of including a reference to this in our Statutory Disclosure document and by adding the policy to our website.

## **TRAINING AND GENERAL AWARENESS**

All staff are informed of the policy and how to access the policy when required, as well as the requirements of implementation.

## **NON-COMPLIANCE**

Breach of this policy is a serious matter that could cause harm to our organisation and also could result in disadvantaging certain customers. Any transgression will be dealt with under our Disciplinary Procedure and may be treated as gross misconduct which could result in dismissal.