



Alexander Forbes Group Holdings Limited

Conflict of Interest Management Policy

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1 Document Information

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2 Overview

2.1 Purpose

The Conflict of Interest Management Policy (COIM Policy) within Alexander Forbes Holdings (Pty) Limited (the “Group”, “Alexander Forbes”) has the following purposes:

- To ensure consistency and alignment of practices across the group
- To provide guidance on the behaviours expected according to the group’s values
- To promote transparency and avoid business related conflicts of interest
- To ensure, and maintain, fairness in the interest of employees and the group
- To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived conflicts of interest
- To provide a mechanism for the objective review of personal outside interests
- To provide measures to identify, manage, mitigate, and avoid existing, perceived, and potential conflicts of interest within our environment, and set out the roles and responsibilities of the relevant parties, in terms of the Financial Advisory and Intermediary Services Act (FAIS)

The COIM Policy is prescribed in terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended or substituted from time to time (“the Code”), published under the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS). A Financial Services Provider (FSP), and its representatives, must avoid conflicts of interests with their clients or prospective clients. If any conflicts of interest cannot be avoided, they conflict of interest must be mitigated. Therefore, every FSP must adopt, maintain and implement a COIM Policy. The Group strives to apply the highest standards of ethical behaviour during the conduct of its business activities, and this behaviour is expected of all its employees and associates. The Group always aims to act in the best interest of clients and potential clients.

The Group is committed to Treating Customers Fairly (TCF), and is embedding this culture into the business, by ensuring that:

- Clients can be confident they are dealing with an organisation where TCF is central to the corporate culture.
- Products and services, marketed and sold in the retail market, are designed to meet the needs of identified client groups, and are targeted accordingly.
- Clients are provided with clear information, and are kept appropriately informed before, during and after the point of sale.
- Where advice is given, it is suitable, and takes account of client circumstances.
- Products perform as the relevant group entities have led clients to expect, and service is of an acceptable standard, and as clients have been led to expect.
- Clients do not face unreasonable post-sale barriers imposed by the group, to change product, switch FSPs, submit a claim, or make a complaint.

2.2 Scope

The requirements outlined in this policy apply to all employees and representatives of the group. This policy regulates processes and procedures according to existing legal duties and obligations that an employee owes an employer, in terms of the law, and should not be construed, or applied, in a manner contrary to these duties and obligations, nor is it designed to replace these duties and obligations.

This policy is not aimed at providing guidance in respect of the aspects of a conflict of interest that may form part of an unlawful activity.

Subsidiary companies of the group may draw up, and apply, their own specific policies relating to conflict of interest, but the contents of these policies must be according to the minimum standards set out in this policy.

The policy sets out different approval processes for employees in the executive committee, as well as employees who are not on the executive committee (all other employees).

2.3 Other related policies and documents

This policy is read in conjunction with the group's values, code of business conduct or ethics, its ethical business activities, and the following policies:

Policy Name	Relationship
Fraud Risk Management Policy	Referenced
Grievance Policy Procedure	Referenced
Policy of Policies	Governed by
Provision of Falsified Information Policy	Referenced
Fit and Proper Policy	Referenced
Risk Management Programme	Referenced

2.4 Legislative framework

This policy is based on the principles embodied in the following documents:

- Companies Act 71 of 2008, as amended
- King Code on Governance Principles for South Africa 2016 (King IV)
- Financial Advisory and Intermediary Services Act 37 of 2002

2.5 Policy governance

2.5.1 The table below outlines the roles and responsibilities of the stakeholders responsible for governance of a policy:

Responsibility	Structure	Interest, Duties and Responsibilities
Supervision	Board of Directors	The Board is ultimately responsible for ensuring that a policy, appropriate structure and processes are in place to manage conflicts of interest effectively.
	Risk & Compliance Committee	The Risk and Compliance Committee is responsible for ensuring that all committees, forums and individuals who have responsibility under the Policy fulfil their responsibilities in a timely and diligent manner.
	Audit Committee	The Audit Committee is responsible for the governance of internal audit's assessment of compliance with a policy. It is responsible for assigning and monitoring remediation of any non-compliance or other findings by internal audit.
Operational Implementation	Executive Committee	The Executive Committee is responsible for operational implementation but delegates to the various operational forums or persons to address or monitor operational matters.

2.5.2 In the event of a breach of a policy, routine communication must occur with respect to escalation to the appropriate governance forum in accordance with the Risk Escalation Policy.

3 Policy

3.1 Terminology and definitions

Affiliation: Close involvement with a vendor, or service provider, on the part of the employee, the employee's family, or friend, or business associates, of the employee, including serving as a board member, employee, consultant or adviser to a current, or potential, vendor or service provider.

Associate:

in relation to a natural person, means:

- A spouse, life partner or civil union partner
- A child, including a stepchild, adopted child and a child born out of wedlock
- A parent or stepparent
- A person legally responsible for managing the affairs of or meeting the daily care needs
- A spouse, life partner or civil union partner of the persons referenced in (ii) to (iv) above
- A person who is in a commercial partnership
- the board of directors (companies) or the governing body (non-companies), who follow the directions or instructions of the aforementioned person, and includes any trust controlled or administered by that person

In relation to a juristic person, means:

- which is a company, means any subsidiary or holding company of that company, any other subsidiary of the holding company, and any other company of which the holding company is a subsidiary
- which is a close corporation, means any member of the close corporation
- which is not a company or close corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person, if the first mentioned juristic person had been a company, and where the other juristic person is also not a company, where both the juristic persons had been companies
- means any person whose directions or instructions are followed by the board of directors (companies) or the governing body (non-companies)
- another juristic person that has a significant owner or member of its governing body that is also a significant owner or member of the governing body of the first mentioned juristic person; and
- another juristic person that has a person as a significant owner or member of its governing body who is an associate (within the meaning of paragraph (a)) of a significant owner or member of the governing body of the first mentioned juristic person

Clients: A specific person, or group of persons, excluding the general public, who is, or may, become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person, or the beneficiary of such service.

Compliance Officer: The statutory compliance officer, appointed in terms of the Financial Advisory and Intermediary Services Act.

Company: means a company under the Companies Act 71 of 2008.

Conflict of interest: A situation in which private interest or personal considerations (including affiliation and nepotism, as defined above and below) affects, may affect, or may be perceived to affect, an employee's judgement in acting in the best interests of the group, including the following:

- Using an employee's position, confidential information, or corporate time, resources, material or facilities, for actual, or the perception of, private gain or advancement of the employee, or of any member of the employee's family, or friends, or business associates, of the employee. Where a staff member has a financial, or personal interest, in an enterprise with which the group does business, and could be perceived to be in a position to influence relevant business decisions.
- Activities for which employees are personally remunerated from an external source, for example, conference or remunerative consulting agreements.
- Outside employment, in which the interests of one job contradict another, or are in competition with the activities of the group.
- Family interests, in which a spouse, child, or other close relative, is employed (or applies for employment).
- Where goods or services are purchased from a relative, or friend, or a firm controlled by a relative, or friend, of the employee.
- Gifts from friends, or relatives, who also do business with the employee receiving the gifts.

In terms of a financial services provider (FSP), a conflict of interest is any situation in which FSP or representative has an actual or potential interest that may, in giving a financial service to a client:

- Influence the objective performance of his, her or its obligation to that client; or
- Prevent that FSP or representative from giving an unbiased, or fair, financial service to that client, or from acting in the interest of that client, Including, but not limited to:
 - (i) a financial interest
 - (ii) an ownership interest
 - (iii) Any relationship with a third party.

Designated person: The person nominated by the group chief executive officer, managing director, or executive manager, to administer the process set out in this policy, in the related subsidiary company, division or business unit.

Distribution channel means:

- i. Any arrangement between a product supplier or any of its associates, and one, or more, FSP, or any of its associates, in terms of which any support, or service, is provided to the FSP(s), in rendering a financial service to a client
- ii. Any arrangement between two, or more, FSPs, or any of their associates, which arrangement facilitates, supports or enhances a relationship between the FSP(s) and a product supplier
- iii. Any arrangement between two, or more, product suppliers, or any of their associates, which arrangement facilitates, supports, or enhances, a relationship between the FSP(s) and a product supplier.

Employee: Includes permanent employees, temporary employees, independent contractors, and employees or contractors of contracted services providers, of any of the corporate entities forming part of the group.

Employee's family: Includes the employee's spouse or equivalent, sibling, parent, grandparent, child, grandchild, and any person who is a blood relation of the employee.

Executive manager: A manager responsible for the management of a business sector, or business unit, within the group, including relevant divisional and subsidiary directors, executive managers, managers or regional managers.

Executive committee: Includes the senior leadership of the group (referred to below as the executive committee), and includes the following persons:

- The chief executive officer, or managing director, and executive committee, at group, and subsidiary, level, and general or division managers
- Employees responsible for management, who report directly to the group chief executive officer, or to any of the executive, general or divisional managers
- Any other persons, designated, from time to time, by the group chief executive, as being members of the executive committee

Fair value has the meaning assigned to it in the financial reporting standards adopted, or Issued, under the Companies Act 71 of 2008.

Financial Interest: includes cash, cash equivalent voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or other incentive, or valuable consideration, other than:

- An ownership interest

- Training that is not exclusively available to a selected group of FSPs or representatives, regarding products, and legal matters relating to those products, general financial and industry information, and specialised technology systems of a third party that is necessary for the rendering of a financial service, but excludes the travel and accommodation associated with that training.

FSP Financial Services Provider, in terms of FAIS.

Holding company means: a holding company, as defined in the Companies Act 71 of 2008.

Immaterial Financial Interest: Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year, from the same third party, in that calendar year, received by:

- (a) An FSP, who is a sole proprietor
- (b) A representative, for that representative's direct benefit
- (c) An FSP, who, for its benefit, or that of some, or all, of its representatives, aggregates the immaterial financial interest paid to its representatives.

Key Individual: A person registered as such, in terms of FAIS, to oversee and manage the business and representatives.

New entrant means: a person who has never been authorised as an FSP, or appointed as a representative, by any FSP.

Permitted Financial Interest:

- i. Commission authorised under the *Long-term Insurance Act* (Act no. 52 of 1998) or the *Short-term Insurance Act* (Act 53 of 1998)
- ii. Commission authorised under the *Medical Schemes Act* (Act 131 of 1998)
- iii. Fees authorised under the *Long-term Insurance Act* (Act 52 of 1998), the *Short-term Insurance Act* (Act 53 of 1998) or the *Medical Schemes Act*, (Act 131 of 1998), if those fees are reasonable compensation for the service provided
- iv. Fees charged for a financial service, for which commission referred to in subparagraph (i), (ii) or (iii) is not paid, if:
 - (aa) The client specifically agreed, in writing, to the fees; and;
 - (bb) The client may stop the fee, at his or her discretion
- v. Fees, or remuneration, for a service to a third party, if these fees, or remuneration, are reasonably compensation for the service being delivered
- vi. Subject to any other law, an immaterial financial interest; and
- vii. A financial interest, not referred to under subparagraph (i) to (iv), for which the FSP or representative pays a consideration, fair value or remuneration that is reasonable compensation for the fair value of the financial interest, at the receipt thereof.

Nepotism: The appointment, employment, promotion or advancement of a family member or relative, in a position, or the advocacy of these actions, by an employee, where that employee is able to influence, directly or indirectly, the decision relating to these specified actions.

Ownership interest means: Any equity or proprietary interest, for which fair value was paid by the owner, at the time of acquisition, other than equity, or a proprietary interest, held as an approved nominee, on behalf of another person, and includes any dividend, profit share, or similar benefit, derived from that equity or ownership interest.

Sign-on bonus means:

- i. any financial interest, offered or received (directly or indirectly), upfront or deferred, and with or without conditions, as an incentive to become an FSP or representative.
- ii. a financial interest, referred to above, includes, but is not limited to: compensation for:
 - potential, or actual, loss of any benefit, including any form of income, or part thereof
 - cost associated with the establishment of an FSP's or representative's business or operations, including the sourcing of business, relating to the rendering of financial services

- a loan, advance, credit facility or any other similar arrangement.

Subsidiary means a subsidiary, as defined in the Companies Act 71 of 2008.

Third party: means

- i. a product supplier;
- ii. another FSP;
- iii. an associate of a product supplier or an FSP
- iv. a distribution channel;
- v. any person who, in terms of an agreement, or arrangement, with a person referred to in paragraphs (a) to (d) above, provides a financial interest to an FSP or its representatives.

3.2 Overview

3.2.1 In accordance with an employee's obligation to act in the best interests of their employer, while also acting in the interests of clients, it is not permissible for employees to engage in conduct, whether by acting, or failing to act, which would amount to conflict of interest with the group.

3.2.2 The implementation of this policy will enable the group to achieve the following:

- Allow employees, where appropriate, to acquire, and maintain personal outside interests, provided that these interests do not interfere with, or have the potential to interfere with, their duties within the group, or improperly influence the judgement expected of them, when acting on behalf of the group.
- Protect employees from misplaced charges of conflict of interest, by providing a mechanism for the objective review, and approval (including the conditional approval), of appropriate personal outside interests held by employees.
- Avoid any unjustified perception of bias, or self-interest, by employees acting in situations where the group has approved the holding of personal outside interest, by examples.
- To ensure fairness in the interest of clients, employees and the company, as well as to document the process for disclosure, approval and review of activities that may amount to actual, potential or perceived conflict of interest.
- To provide a mechanism for the objective review of personal outside interest.

3.3 Roles and Responsibilities

Board of directors

The board of directors is ultimately responsible for the conflict of interest management ("COIM") policy.

Executive committee ("EXCO")

The EXCO is the most senior decision-making forum under the board of directors. It is responsible for:

- Drafting and implementation of this policy, and for submitting it to the board of directors for consideration and approval.
- Ensuring that all employees, representatives, and where appropriate, associates, are made aware of the contents of the policy, including training or education, in this regard.
- Ensuring that the policy is published in appropriate media, and that it is easily accessible for public inspection, at all reasonable times.

Key individuals ("KIs")

In terms of *FAIS*, the KIs are responsible for managing or overseeing the activities of the FSPs within the group, as they offer financial services. In terms of this policy, the KIs are responsible for implementing it, and training staff, especially as it relates to *FAIS*.

Representatives

Representatives are authorised to provide intermediary services and/or advice to existing and potential clients, in terms of *FAIS*, within the FSPs for which they are appointed as Representatives. They have a specific regulatory obligation to comply with this Policy. Representatives must ensure that they do not receive financial interests, including remuneration, for:

- Giving preference to the quantity of business secured, to the exclusion of the quality of the service rendered to clients.
- Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.
- Giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

Compliance officers

Compliance officers are responsible for:

- Submitting FAIS compliance reports to the Financial Sector Conduct Authority (the Authority). These reports must deal with the monitoring of, compliance with, and accessibility of the policy.
- Provide relevant input, and guidance, to the operational areas, or support functions.
- Monitor, and maintain, a register of conflicts of interest. All declaration forms, completed by employees and representatives, are kept in this register.
- Monitoring compliance with this Policy, and report non-compliance to the Exco and the governance structures. They must provide guidance and training to employees, to assist them in understanding the Policy and their obligations thereto.

Employees

Employees must ensure that they understand this Policy, and comply with it at all times. They must continuously assess their own environment, to identify any actual or potential conflicts of interest, and take the appropriate course of action, in terms of the Policy. Employees must be cognisant of the consequences of non-compliance with the Policy.

3.4 Identifying and avoiding conflicts of interest

Given the nature, and complexity, of the business of providing financial products and services, through a number of legal entities, we have identified a number of mechanisms to identify potential conflicts of interest:

- Key individuals will conduct ad-hoc checks on business transactions, to ensure that the policy is being complied with.
- The group will maintain a conflict of interest register, and update it regularly, with all new conflicts of interest identified within the group.
- All new employees must receive a copy of the policy
- The register (Annexure B) must be completed, to record the conflicts of interest, the severity, and the mechanisms used to avoid, or mitigate, conflicts of interest, going forward.
- This policy must be incorporated, by way of reference, in the employment contracts of each employee, and employees must sign that they have received and understand the contents of the policy.
- Feedback and complaints received from clients or other stakeholders.
- Employees are trained on understanding what conflicts of interest are, making them aware of their obligation to identify specific circumstances that may give rise to conflicts of interest, and they are trained on the contents of the Policy. As part of this training, employees are provided with examples of potential conflicts of interest.
- All employees, representatives and key individuals will be obliged to notify the divisional compliance officer of any instances they become aware of.
- The divisional compliance officer will record the conflict of interest in the register, and assist the reporting manager to decide on how the conflict should be managed, within the guidelines of the conflict of interest policy. The divisional compliance officer will also provide internal guidelines to the group, on an ad-hoc basis.
- Adherence and reporting, under the gift and entertainment policy.
- Management must assess the business activities and relationships affecting their business areas, to identify actual or potential conflicts of interests. All instances must be reported to the Compliance Function.
- Management must assess the remuneration models of employees and those within the distribution channel, to ensure that the remuneration models do not create actual or potential conflicts of interest. If a conflict is identified, steps must be taken to amend the affected remuneration model, and the conflict must be reported to the Compliance Function.
- Employees must continuously assess their own situations, and be vigilant in identifying actual or potential conflicts of interest, which must be reported to the Compliance Function. If an employee is uncertain as to whether a specific situation poses a conflict or not, they should discuss this with management, and obtain guidance from the Compliance Function.
- Employees should embrace the culture of compliance, and should aim to avoid conflicts, rather than mitigate them.

- Alignment of all current business practices, procedures and relationships, with FAIS.
- Training, and maintenance of awareness levels, of regulatory requirements.
- Culture of compliance and company values.
- Compliance performs regular FAIS audits, to verify that procedures and processes are followed.

Financial Interests provided to, and received from, third parties

The FSPs and their representatives may only offer to, or receive a permitted financial interest from, a third party, other than an immaterial financial interest, and receive, or provide, bona fide training and educational sessions, as set out hereunder.

Training and education sessions

The FSPs may receive, or provide, the following training:
Training which is not exclusively available to a selected group of FSPs or representatives.

The training permitted must only relate to:

- (i) Products and legal matters relating to those products
- (ii) General financial and industry information
- (iii) Specialised technological systems of a third party necessary for the rendering of a financial service.

An FSP providing the training, may not provide travel and accommodation to the other FSP, or representatives attending the training.

Light refreshments and modest meals, incidental to the training, may be provided, if the training time extends over meal times, or ends reasonably close in time to the next meal time.

Financial interests provided to own representatives

Representatives are remunerated in the form of salaries, and some of them may be eligible for the payment of a guaranteed 13th cheque, or in certain instances, annual performance bonuses that recognises their overall contribution to the performance of the specific entity, and the Group, as a whole. Salaries are paid in accordance with employment contracts, and in instances where a representative is paid a performance bonus, it is calculated on a formula that includes the net profit performance of the Group, and the specific entity, and the overall performance appraisal of the individual concerned.

Representatives may not be remunerated for giving preference to:

- The quantity of business secured, to the exclusion of the quality of service given to clients.
- A specific product supplier, where a representative **may** recommend more than one product supplier to a client.
- A specific product of a product supplier, where the representative **may** recommend more than one product of that product supplier to a client.

This means that:

- All remuneration packages, bonus and incentive programmes, and competitions, must be structured in line with these rules.
- There must be full disclosure to clients, who are referred to specific FSPs, product suppliers or products.
- Where required, there is full disclosure to clients on all Group products.

FSPs may not offer, or provide, any person with a sign-on bonus, as incentive to become a representative that is authorised to give advice, unless that person is a new entrant.

Immaterial Financial Interests

The FSP may offer, or receive, an immaterial financial interest (as defined) of R1 000 per calendar year, to, or from, the same third party. The third party may be another entity (if the immaterial interest offered, or received, is not received from, or intended for, a specific representative(s)), or may be a representative of another FSP (for the direct benefit of that representative). If the immaterial financial interest received by the FSP is not intended for any specific representatives, it may be aggregated amongst some, or all, of its representatives.

Representatives may offer, or receive, an immaterial financial interest (as defined) of R1 000 per calendar year, to, or from, the same third party. The third party may be another entity (if the immaterial interest offered, or received, is not received from, or intended for, a specific representative(s)), or may be a representative of another FSP (for the direct benefit of that representative).

List of third parties that hold an ownership interest in Alexander Forbes

Alexander Forbes has an ownership interest in terms of:
Kin Digital Proprietary Limited (Registration No. 2017/427431/07)

List of Associates, Holding companies of operating companies

Companies which are part of the Alexander Forbes Group of companies but limited only to operating companies and holding companies of operating companies. Please refer to **Annexure A**.

3.5 Reasons for not being able to avoid conflicts of interest

Conflicts of interest with associates and/or products of associates often cannot be avoided, because there are certain Products held by clients, which include products managed by group entities.

3.6 Measures for mitigating & disclosing conflicts of interest

Conflicts of interest are mitigated in various ways, as follows:

- The conflicts of interests, with regards to associate companies and products, are disclosed in presentations to clients and relevant company marketing material.
- The list of associate companies, and the product list, is appended to this Policy.

The various aspects referenced elsewhere in this Policy, in respect of identifying and avoiding conflicts of interest.

3.7 Disclosure

3.7.1 Every department, business division and business unit within the group must proactively manage actual, potential or perceived conflicts of interest.

Every employee must fully communicate, and disclose, any conflict of interest (including affiliation and nepotism, as defined), which could impair, or be perceived to impair, their ability to act with integrity or objectivity in their role at Alexander Forbes, or affect the impartial fulfilment of their role in the affairs of the group. Disclosures must be made on the prescribed disclosure form, set out in Annexure A to this policy.

3.7.2 All members of the executive committee must forward their disclosure to the group company secretary, who will arrange for their disclosure to be considered by the Group Chief Executive, or an Executive Officer, or an Executive, with such delegated authority.

3.7.3 All other employees (who are not on the executive committee) must forward their disclosure to the person designated by the executive manager responsible for each business unit or subsidiary company. The designated person will arrange for the disclosures to be considered by the relevant executive manager.

3.7.4 Employees and Representatives must disclose all conflicts of interest (including pre-existing conflicts of interest) annually, and as new conflicts of interest arise. Disclosures must be made before undertaking any activity, at the beginning of any negotiations, or at the beginning of any decision-making process, if a conflict of interest exists, arises, or may arise. This should be limited to the activity to be undertaken. Where applicable, the representatives should inform clients of the conflict of interest disclosures, as required.

3.7.5 If a conflict of interest exists with regards to a specific client, the FSP, or representative, must (in writing) at the earliest reasonable opportunity, disclose to the client, any conflict of interest in respect of that client, including:

- measures taken to avoid, or mitigate the conflict, in accordance with the conflict of interest management policy of the FSP
- any ownership interest, or financial interest, other than an immaterial financial interest, that the FSP or representative may be, or become, eligible for

- the nature of any relationship, or arrangement, with a third party that gives rise to a conflict of interest, in sufficient detail to the client, to enable the client to understand the exact nature of the relationship or arrangement, and the conflict of interest.

3.7.6 The FSP, or representative, must (in writing) at the earliest reasonable opportunity, inform a client of the conflict of interest management policy, and how it may be accessed.

3.7.7 In exceptional circumstances, the formalities regarding disclosures may be finalised after the event, in instances where time is of the essence, and the substance of this policy has been complied with, with the proviso that such exceptions must be consented to, in writing, by the individual normally vested with the decision-making authority.

Employees must submit a signed disclosure form, as set out in Annexure A, whether they have a conflict of interest to disclose, or not. This means a nil return must be submitted, certifying that they understand the policy, and that they have no conflict of interest to disclose. This return should be submitted by no later than 31 March each year.

Every employee, including executive committee members, must make a disclosure of any conflict of interest (including pre-existing conflicts of interest), as per Annexure A, as soon as practically possible, but not later than within 30 days:

- Of the date of implementation of this policy, for executive committee members or non-executive committee members, as communicated by the group Chief Executive Officer
- When there is reason to believe that a conflict of interest exists, may arise, or may be perceived to arise
- Every 12 months after the commencement date of this policy.

3.7.8 Employees are required to disclose the offering and receiving of financial interests, personal account trading, outside business interests and any other actual or potential conflict of interest, quarterly. The financial interests are reviewed by the Compliance Function, to ensure that they are all immaterial financial interests. Any non-compliance is first reported to management and the relevant committees, and upon full investigation, to the regulator, if necessary.

3.7.9 The Compliance Function will place the details of these actual or potential conflicts on the Conflicts of Interest Register, and discuss these with senior management, to establish whether a conflict exists. If a conflict exists, it must be determined whether the conflict can be avoided, and take the necessary action to do so. If the conflict cannot be avoided, action must be taken to mitigate the conflict of interest. The Conflicts of Interest Register will be reviewed and approved annually by the Audit Committee, after which the approved version will be published on the internet and intranet sites, and conflicts with specific clients will be disclosed directly to those affected clients, by the relevant representatives.

Changing circumstances

A new disclosure must be made, if the facts and circumstances relating to a previously disclosed interest or activity changes materially, thereby introducing a new undisclosed interest.

Approval

Where the conflict potential of an activity or interest is deemed to be minimal, and there is no risk of reputational damage to the group, approval of this activity must be recorded on Annexure A. Any conditions attached to the approval must also be noted on the form, and reviewed annually, by the employee, to ensure that the basis on which approval was granted remains sound.

The employee applying for approval may not undertake the activity, or make any decisions on behalf of the group, without the required prior written approval.

Where a conflict has been disclosed, but it is agreed that the activity, or interest, does not negatively impact on the group, and will be permitted, despite the apparent conflict, then it is the responsibility of the executive

manager of the business unit (as the case may be), to put in place an effective, and transparent, monitoring and communication system.

Where the activity, or interest, which gives rise to the potential conflict of interest, is judged to be inappropriate, or has the potential to damage the group's reputation, then it should be declined. This decision must be recorded on Annexure A, and communicated, in writing, to the relevant employee.

Employees and representatives have the right to request a single review of the decision, where the activity, or interest, is declined, or where conditional approvals are granted. Such a request must be in writing, set out the reasons for the request, and include copies of all documents relating to the original disclosure of the activity, or interest, and the decisions relating thereto.

The level of authority pertaining to the right of review is superior to the level of authority where the relevant decisions were made.

Approval authority

Employees who are members of the executive committee:

Disclosures made by executive committee members will, at the earliest opportunity, be approved, or declined, by the group chief executive officer, or in their absence, by the group finance director. The group company secretary will ensure that disclosures made by executive committee members who are required to adhere to this policy, are forwarded for consideration by the group chief executive officer, or group financial officer, according to the principles and processes described in this policy.

Employees who are not members of the executive committee:

Disclosures made by employees who are not members of the executive committee, will be approved, or declined, by the executive manager responsible for each particular business sector or business unit, within 30 days of the disclosure being made. All decisions of the executive manager, where approval (with or without specific conditions) has been granted, are conditional, and subject to review by the level of authority above that of the particular executive manager, within a period of three months thereafter.

The group will not be liable for any costs, or expenses, incurred by an employee, in instances where such conditional approval has been granted, and such approval is subsequently rescinded, on review.

Where the executive manager responsible, is not considered to be suitably independent (for example, where they are also involved in the conflict, or perceived to be involved in the conflict), the disclosure must be forwarded for consideration, to the level of authority above the level of authority where the relevant disclosure would have been considered, in the normal course.

Maintaining independence

In all situations in which disclosure is required, the relevant employee, or executive committee member, making the disclosure, must abstain from any decision making relating to the conflicted activity, or interest, as well as from the process relating to the consideration of that disclosure. Where appropriate, that abstention must be formally noted.

Record keeping

In respect of executive committee members, the group company secretary will retain the disclosure forms, on behalf of the group chief executive officer, and in respect of employees who are not executive committee members, the subsidiary human resources divisions will retain the disclosure forms, on behalf of the divisional executive manager.

In all cases where disclosures are approved, whether conditional or otherwise, or declined, in respect of both executive committee and non-executive committee members, copies of the disclosure forms must be forwarded by the group company secretary, and the designated person, as well as the head of the internal audit department, within seven days of the disclosures being approved or declined.

The names of all designated people must be supplied to the internal audit department within 30 days of the implementation date of this policy.

Annual declaration

The designated person for a category of employees must,

12 months after the implementation date of this policy, and annually thereafter, prepare an annual report, containing a summary of all disclosures approved, and conditionally approved, for each responsible executive manager to sign. A copy of these reports must be provided to the group chief risk officer.

The group company secretary will prepare a similar annual report, containing a summary of all disclosures approved, and conditionally approved, involving executive committee members not subject to the group policy statement, for the group chief executive officer to sign.

In relation to members of the executive committee, who are required to comply with the group policy statement, the group company secretary will submit an annual report to the group audit committee.

Relations with employees and representatives

Employees and Representatives may not have any outside interest, or additional employment, which could in any way conflict with the proper performance of their duties, unless given specific written permission to do so. Employees must disclose any personal interest that they, or a member of their immediate family, has in relation to the Group's business. The conflict of interest could include directorships, significant shareholdings and employment of family members.

3.8 Processes, procedures & internal controls to facilitate compliance with the policy

To facilitate compliance with this Policy, the following processes, procedures and internal controls must be adhered to by all employees and their associates:

- This Policy must be available on all group websites and intranet sites, and must be easily accessible.
- Clients must be informed of this Policy, and must be advised on how to access the Policy. This information must be included on all relevant material sent to clients, and must also be included on all presentations made to clients.
- If a conflict of interest arises, with respect to a client, the relevant representative must notify their manager and the affected client, in writing, of the nature of the conflict of interest, and the measures that have been taken to avoid or mitigate the conflict of interest. This includes the notification to a client of an ownership interest or financial interest (excluding an immaterial financial interest) affecting that client, as well as providing clients with sufficient detail relating to the nature of relationships with third parties, that give rise to conflicts of interest.
- The various aspects referenced elsewhere in this Policy, in respect of identifying and avoiding conflicts of interest.
- Annually, the Compliance Function will perform an extensive monitoring review of all disclosures made for the previous financial year, and report to management and the committees accordingly.
- Employees may never receive or offer any travel or accommodation.
- The Compliance Function will provide training and awareness to employees, as part of the monitoring programme, in respect of the Policy and conflicts of interest in general.

3.9 Examples of conflicts of interest

The definition of a conflict of interest is very broad, and can cover a variety of situations where an FSP or representative could have an actual or potential interest that may influence the objective performance of his, her or its obligations to that client, or prevent an FSP or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client. Therefore, it is useful to provide examples of potential conflicts of interest within the group:

- A situation in which a director/executive, who is in a position of trust, has a competing professional or personal interest. These competing interests can make it difficult to fulfil his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety, which can undermine confidence in the director/executive, the activity, and the group. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.
- The employment of relatives by the same entity, especially within a related department, may increase the potential for conflicts of interest (either actual or potential). Potential conflicts may arise due to nepotism, the carry-over of personal conflict into the work-place, favouritism, effects on employee morale. Therefore, this is discouraged within the organisation.
- Employees owning shares of clients or associates of clients, or employees owning shares that are also held within client portfolios, in respect of portfolios where the group has discretion over the securities that are included in the portfolios (also refer to the Personal Account Trading Policy).
- Employees transacting in their business capacity, to the benefit of their personal share portfolio (also refer to the Personal Account Trading Policy).
- Employees making business transaction decisions that are in contradiction to trading decisions that they are making on their personal share portfolios (also refer to the Personal Account Trading Policy).
- Employees inadvertently becoming “insiders”, by being privy to material non-public or price sensitive information, during their interaction with third parties (also refer to the Personal Account Trading Policy).
- Employees are remunerated or have an element of their remuneration that:
 - Gives preference to the quantity of business secured, to the exclusion of the quality of the service rendered to clients
 - Gives preference to a specific product supplier, where a representative may recommend more than one product supplier to a client
 - Gives preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.
- A financial or other incentive that favours the interests of one client over another.
- Selling is incentive driven, rather than advice driven.
- Market structures lead to conflicts of interest, especially around remuneration and outsourcing. Complicated relationships compromise accountability between product suppliers and intermediaries, often leaving the client unclear on the true cost of advice and on who the intermediary represents.
- Employees having outside business interests that compete or provide similar services to the group.
- The group, an associate, department or employee realises a financial gain, at the expense of a client(s).
- The interests of the group, an associate, department or employees may be different to those of clients.
- The group, an associate or an employee exercises the same professional activity as a client.
- The group, an associate, department or employees gain an advantage (whether financial or not) from a third party, during the execution of the service conducted on behalf of a client.
- Certain FSPs may cast proxy votes that are consistent with a client’s investment strategies, which may conflict with the investment strategies of other clients, in instances where FSPs may cast proxy votes (i.e. the norm is for the underlying asset managers to cast the proxy votes).

- The group, an associate or its representatives, using the discretion to render financial services to clients, may invest into associates, its own products, or products of its associates.
- Commission or fee sharing arrangements and broker allocation.

3.10 Non-compliance

Non-compliance with this policy, and the procedures described in it, may be considered to be misconduct, and employees may be subject to disciplinary action that may lead to dismissal.

Non-compliance by Key Individuals and Representatives, in respect of the obligations in terms of FAIS, will be seen in a serious light, and will be addressed accordingly. Key Individuals and Representatives may also be subject to debarment, in terms of FAIS, dependant on the seriousness of the offence and/or the continued repetition of offences. Avoidance, circumvention or limitation of this Policy, will be deemed to be non-compliance.

4 Policy Review

- 4.1.1 If any inadequacy of any element of this policy is identified, that portion of the policy can be amended. The policy should also undergo a full review as deemed necessary.
- 4.1.2 The Group Risk and Compliance Committee have the authority to make amendments to this policy. The Committee may delegate responsibility to an employee or external party for drafting the amendments.

Annexure A

Group

Alexander Forbes Group Holdings Ltd	2006/025226/06
Alexander Forbes Financial Services Holdings (Pty) Ltd	1995/012732/07
Alexander Forbes Risk & Insurance Service Pty Ltd	1985/002410/07
Alexander Forbes Investment Holdings Limited	1997/022540/06
Alexander Forbes Emerging Markets (Pty) Ltd	1997/004662/07

Financial Services

Alexander Forbes Financial Services (Pty) Ltd	1969/018487/07
Alexander Forbes Health (Pty) Ltd	2007/015447/07
Alexander Forbes Life Ltd	1997/022561/06
Alexander Forbes Retail Holdings (Pty) Ltd	2001/011066/07
Seniors Finance	2005/039721/07
Alexander Forbes Fiduciary Services Ltd	1920/002057/06
Alexander Forbes Financial Planning Consultants (Pty) Ltd	1995/012764/07
Alexander Forbes Individual Client Administration (Pty) Ltd	2007/015623/07
Alexander Forbes Nominees (Pty) Ltd	1988/005546/07
Alexander Forbes Retail Client Administration (Pty) Ltd	2010/007532/07

Investment Services

Alexander Forbes Investments Trustee Company (Pty) Ltd	2000/027207/07
Alexander Forbes Investments Unit Trusts Limited	2001/015776/06
Alexander Forbes Investments Limited	1997/000595/06
Alexander Forbes Investments Administration (Pty) Ltd	2005/043273/07
Caveo Fund Solutions (Pty) Ltd	2003/017504/07
Alexander Forbes Investments Jersey Limited	67439
Alexander Forbes Investments Alternatives (Pty) Ltd	2016/154765/07
CFS 1 Investments (Pty) Ltd	2006/006099/07
CFS 2 Investments (Pty) Ltd	2007/015588/07
Alexander Forbes Offshore Funds (SA) Limited	2000/027208/06

Risk & Insurance Services

Alexander Forbes Insurance Company Ltd	1976/001547/06
Alexander Forbes Direct (Pty) Ltd	2007/018501/07
Alexander Forbes Administration Services (Pty) Ltd	1972/000632/07

Emerging Markets

Alexander Forbes Botswana Group Holdings (Pty) Ltd	94/636
Alexander Forbes Namibia Investments (Pty) Ltd	90/305
Alexander Forbes Financial Services Botswana (Pty) Ltd	88/313
Alexander Forbes Asset Consultants (Pty) Ltd	2010/49424
Alexander Forbes Consulting Actuaries Nigeria Limited	LC 620284
Alexander Forbes Financial Services Uganda Limited	147409
Alexander Forbes Financial Services Limited (Zambia)	LCO67120
Alexander Forbes Namibia Holdings (Pty) Limited	90/231
Alexander Forbes Financial Services Namibia (Pty) Ltd	93/284
Alexander Forbes Insurance Company Namibia Limited	2003/374
Alexander Forbes Investments Namibia Limited	99/228
African Actuarial Consultants (Private) Limited	8923/1997
Quantum Consultants and Actuaries	2733/2001