

CONFLICT OF INTEREST MANAGEMENT POLICY

1. INTRODUCTION

The General Code of Conduct for Authorised Financial Services Providers and Representatives ("General Code") in terms of section 15 of the Financial Advisory and Intermediary Services Act 37 of 2002 ("FAIS") requires of FSP's to implement a Conflicts of Interest Policy, to make it available to Clients and to ensure controls are in place to avoid and/or manage all Conflicts of Interests. Some definitions have recently been amended with effect from 26 June 2021 and included in this Policy.

2. PURPOSE

This Policy provides clarity as to what constitutes a Conflict of Interest and the process to follow when a Conflict of Interest has been identified. Conflicts of Interest should be avoided as far as possible, if this is not possible then the FSP must implement mitigation controls to manage such risks and properly disclose such risks to Clients to ultimately ensure the fair treatment of Clients at all times.

3. WHAT IS A CONFLICT OF INTEREST?

A Conflict of Interest means any situation in which a provider or a representative has an actual or potential interest that may, in the rendering a financial service to a client, either:

- influence the objective performance of his/ her obligations to that client; or
- prevent a provider or representative from rendering an unbiased and fair financial service to that client; or from acting in the interests of that client, including but not limited to
 - a financial interest (material financial interests excluding a maximum of a R1000 received by the FSP or per Rep per year; or provided by the FSP to an another FSP/ Rep per year);
 - ownership interest;
 - or any relationship with a third party.

Example: A Conflict of Interest may arise where a company, or one of its employees, is providing a financial service to its clients and such financial service may entail a material risk of damage to those client's interests, and where the company or its employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client, or group of clients, over and above the interests of the Client;
- carries on the same business as the Client; or
- receives or will receive from a person other than the Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

4. DEFINITIONS

"Financial interest" means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:

- an ownership interest;
- training, that is not exclusively available to a selected group of providers or representatives, on products and legal matters relating to those products, general financial and industry information, or specialised technological systems

- "Third party" means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or 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 a provider or its representatives

5. FINANCIAL INTERESTS THAT ARE ALLOWED

The FSP or its representatives may only receive/offer the following financial interest from/to a third party:

- 5.1 Commission authorised under the Long-term Insurance Act, 1998, or the Short-term Insurance Act, 1998
- 5.2 Commission authorised under the Medical Schemes Act, 1998,
- 5.3 Fees authorised under the Long-term Insurance Act, 1998, the Short-term Insurance Act, 1998 or the Medical Schemes Act, 1998,
- 5.4 Fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid if:
 - the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and
 - those fees may be stopped at the discretion of that client;
- 5.5 Fees or remuneration for the rendering of a service to a third party;
- 5.6 An immaterial financial interest (subject to any other law) and
- 5.7 A financial interest, not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

6. FINANCIAL INTERESTS THAT THE FSP WILL BE PAYING/ RECEIVE

| FINANCIAL INTEREST | DETAILS |
|--|---|
| Representatives' Remuneration | The FSP shall remunerate its representatives as provided for in terms of the Conflict of Interest requirements as set out in clause 5 above and specifically as follows: 5.1;5.2;5.3;5.4;5.3;5.4;5.5 |
| FSPs Associates | <i>Gregory Stuart Sneddon, Deborah Jane Ryan</i> |
| Ownership Interest in Third Parties | N/A |
| Ownership Interest in FSP | <i>Pamela Alison Sneddon 50% and Gregory Stuart Sneddon 50% Directors/Owners The Financial Coach cc</i> |

7. FINANCIAL INTERESTS THAT ARE NOT ALLOWED

- 7.1 A provider may not offer any financial interest to a representative of a provider-
 - that is determined with reference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes for clients; or
 - for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - for 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.
- 7.2 The FSP must be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the-
 - achievement of minimum service level standards in respect of clients;
 - delivery of fair outcomes for clients;
 - quality of the representative's compliance with this Act;

There is the potential for a conflict of interest in any activity, relationship or process that FSP may be involved with. The FSP will for the purpose of managing conflict of interests, shall deal with conflicts of interests as follows:

- Identify and report any conflict of interests – this is done by means of annual declarations signed by Persons/ Employees/ Parties (as applicable) and specifically the FSP itself, Directors, Key Individuals and Representatives. There is also a duty on them to inform the Internal Contact Person/ Key Individual immediately when such Conflict of interest arises or if they became aware that another Key Person/ Party/ Employee may have a Conflict of Interest that may lead to the unfair treatment of Clients/Potential Clients;
- Avoid a Conflict of Interest;
- If not possible to avoid, then to provide reasons why it cannot be avoided and to decide and implement measures to manage the Conflict of Interest;
- Implement mitigation controls and ensure suitable measures are implemented to disclose Conflict of interests to Clients e.g., in writing at the earliest reasonable opportunity.
- Regularly identify new Conflicts of Interest and review identified Conflicts of Interests to ensure management controls remain effective.

Procedure diagram

Guide to Conflicts of Interest Procedure:

- *1. Log the date and contents of the Conflict of Interest (real, existing or potential);
- *2. Conflicts of Interest can be communicated via email/ disclosed in annual declarations but must be addressed in writing to the Key Individual/ Internal Compliance Contact Person ("Conflicts officer"). All correspondence relating to conflicts must be placed in the FSP's conflicts file and noted in the relevant register (material or immaterial);
- *3. The Key Individual/ Internal Compliance Contact Person ("Conflicts officer") to liaise with the Compliance Officer (if required) to evaluate the conflict and to decide which mechanism to be used to manage the conflict (control, avoid or disclose). All material Conflicts of Interests should be brought to the attention of to the Board and the Compliance Officer.


12. IMPORTANT PRINCIPLES WHEN DEALING WITH CONFLICTS OF INTEREST

The FSP expects all Persons/ Employees/ Parties (as applicable) to maintain the highest standards in carrying out their business activities, adhering to legislative requirements and policies on business conduct. It further expects its employees to act professionally, honestly and ethically in all their dealings with clients, colleagues.

The following principles will be applied when dealing with Conflicts of Interest in the business of the FSP:

- Conflicts of Interest should always be avoided, wherever possible.
- If not possible to avoid, then to implement mitigation controls to reduce the risks and to ensure proper disclosure to Clients. The FSP will not tolerate non-disclosure by Key Persons/Parties/ Employees.
- This Conflict of Interest Management Policy will be enforced within the FSP to ensure that all Persons/ Employees/ Parties (as applicable) are aware of the FAIS Conflict of Interest requirements and the policy, controls and procedures put in place by the FSP as to deal effectively with conflicts of interests within the business.
- Conflicts of Interest Controls will be implemented as to manage conflicts of interests and to ensure compliance with the FAIS Conflict of Interest requirements with the ultimate aim as to treat Clients fairly.
- The Key Individual/ Compliance Contact Person will act as the person primarily responsibility for identifying, recording and managing conflicts of interest within the business ("Conflicts Officer") and will be responsible to advise or train people in respect of Conflicts of Interests and Conflicts of Interest that may emerge.
- The Conflicts of Interest procedures and their efficacy in operations will be regularly reviewed by the FSP.
- Conflicts of Interests must become a standing agenda item at Board and Executive Management meetings. Procedures should be drafted and adopted to form part of the compliance documentation to ensure that Conflicts of Interest are properly addressed within the business.

Reviewed and adopted by the Board on: _____

 19/07/2022

Signature: _____

