



**FAIS CONFLICT OF INTEREST (COI)
MANAGEMENT POLICY**

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1. Purpose of the Policy

- 1.1 The purpose of this document is to formalise a Conflict of Interest Management Policy in line with the requirements of the Financial Advisory and Intermediary Services Act (FAIS) General Code of Conduct (hereinafter referred to as the Code).
- 1.2 This Policy must be read in conjunction with Ithala SOC Limited (Ithala)'s Conflict of Interest (COI) Policy.

2. Policy Statement

- 2.1 Ithala is committed to complying with the regulatory requirements governing "Conflict of Interest" under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of all its stakeholders.
- 2.2 Ithala has a duty to act in the customer's interests when we give advice or provide intermediary services to them. This includes remaining independent, objective and professional. It also involves avoiding conflicts of interest, or managing them if they cannot be avoided, and informing our customers about the conflicts that cannot be avoided

3. Scope

- 3.1 This policy applies to all employees of Ithala.
- 3.2 This policy does not change the existing Conflict of Interest policies and management procedures, but is a supplementary policy addressing the specific requirements of the Code.

4. Definitions

- 4.1. "Conflict of Interest" refers to any situation in which a provider or representative has an actual or potential has an actual or potential interest that may, in rendering a financial service to a customer:-
 - (a) Influence the objective performance of his, or her obligations to that customer; or
 - (b) Prevent him/her from rendering an unbiased and fair financial service to that customer, or from acting in the interests of that customer, including, but not limited to-
 - (i) A financial interest;
 - (ii) An ownership interest;
 - (iii) Any relationship with a third party

4.2 “**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-

- (a) An ownership interest;
- (b) Training, that is not exclusively available to a selected group of providers or representatives, on-
 - (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; excluding travel and accommodation associated with that training

4.3 “**An ownership interest**” includes: any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee and any dividend, profit share or similar benefit derived from such interest.

4.4 “**Immaterial financial interest**” means 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) A provider who is a sole proprietor;
- (b) A representative for that representative’s direct benefit;
- (c) A provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

5. Roles and Responsibilities

5.1 The Board: The Board of Directors is ultimately responsible for ensuring that a Policy of Conflict of Interest, appropriate structure and process is in place to manage Conflicts of Interest effectively.

5.2 Line Management: Line management is responsible and accountable for the implementation of the requirements of this policy.

5.3 Internal Audit: Internal Audit, in its capacity as the third line of defence, provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, which will include assurance over this policy. This is achieved through the completion of the annual risk based audit plan.

5.4 Compliance Officer: Compliance Officer provide on-going compliance services and monitor compliance with FAIS and related legislation.

5.5 **Employee's Responsibilities:** All staff have a duty to read and understand this and to report any Conflict of Interest to the Compliance Officer who will record it in the Conflict of Interest Management Register.

6. Conflict of Interest

6.1 A Conflict of Interest is a situation in which the interests of Ithala Limited, in the exercise of its activities, and the interests of its customers, are directly or indirectly in competition, and which could significantly prejudice the customers' interests. It may be recognised (actually identified) or potential (conceivable).

6.2 A Conflict of Interest may occur when rendering a financial service to an existing or potential customer.

6.3 Conflict of Interest situations must be avoided. Where it is not possible to avoid any act, action or reward that may create a Conflict of Interest, appropriate steps must be taken to mitigate the impact and make disclosure to the customer at the earliest reasonable opportunity.

7. Identifying Conflict of Interest

7.1 Conflict of Interest situations that could prejudice a customer may take a variety of forms, whether or not the bank suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional.

7.2 Bearing in mind that Ithala will, in the normal course of its business, seek to realise a financial gain or avoid a potential loss, at least four types of situations are defined by the entity to help determine whether a potential Conflict of Interest situation may occur:

- Ithala or an employee will realise a financial gain or avoid a potential loss at the customer's expense;
- The interest of Ithala or an employee may be different from the customer's interest;
- Ithala or an employee exercises the same professional activity as the customer;
- Ithala Limited or an employee is induced to favour one customer over another (for financial reasons or otherwise)

8. Conflicts of Interest: Prevention, Detection and Management

- 8.1 This policy is based on a system of prevention, detection, management, communication and recording of Conflicts of Interest.
- 8.2 This policy governs how to handle potential or actual Conflict of Interests' situations by implementing procedures to enable appropriate management of the situation in order to avoid damaging the interests of the customers.
- 8.3 Ithala must avoid and where this is not possible, mitigate any Conflict of Interest between the provider and a customer or the representative and a customer.
- 8.4 Ithala must immediately disclose in writing to a customer any Conflict of Interest in respect of that customer, including the measures taken, to avoid or mitigate the conflict; any ownership interest or financial interest, other than an immaterial financial interest, that the provider 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 a customer to enable the customer to understand the exact nature of the relationship or arrangement and the Conflict of Interest; and inform a customer of this Conflict of Interest policy and how it may be accessed.
- 8.5 The Conflicts of Interest management framework document is available to all customers upon request.
- 8.6 Training will be provided to employees.

9. Management of Conflict of Interest

- 9.1 A register of recognised and potential Conflicts of Interest will be maintained by management
- 9.2 The register will record any Conflicts of Interest, identifying the types of situations generating the said conflicts and associated risks.

10. Prohibition on the acceptance of gifts, entertainment and hospitality

- 10.1 The receipt, offering or provision of inappropriate gifts, entertainment or hospitality may cause embarrassment to Ithala and damage our reputation. Particular concerns arise when the offering of gifts, entertainment, hospitality or donations may be connected in some way with an actual or potential business transaction or regulatory approval. Even if the intent is not corrupt, there is still a risk that a recipient or an objective third party may perceive the offering to be an attempt to gain an improper advantage.

- 10.2 No employee may accept a gift valued for R1, 000.00 (One thousand rand) or more. Where the employee has received the gift and it cannot be returned to the sender, it will be donated to a Non-Profit organisation. Similarly, no employee should offer to a business partner without the requisite written authorisation from the line manager. All gifts whether offered, declined or accepted must be declared.
- 10.3 In cases of entertainment for legitimate business functions, the employee must declare the entertainment, in advance of the event, to their line manager seeking permission to attend. Tickets or invitations to attend sports events, concerts or shows must be declared, regardless of whether the event occurs during business time or private time.
- 10.4 No employee may accept or receive any hospitality (including payment for travel or accommodation) from any existing client or business partner to Ithala or bidder for Ithala business unless the hospitality is modest, in-frequent meals that are business related and of a reasonable value or where employees are hosted at a business partners or potential business partners offices for business discussions and a meal or modest entertainment is provided through a caterer.
- 10.5 Annexure A provides a summary of the procedure for the acceptance of gifts, entertainment and hospitality.
- 10.6 All gifts, entertainment and hospitality that are accepted must be disclosed within 5 business days. The declaration will registered in the "Gifts, Entertainment and Hospitality Register" by the company secretary. A gift declaration form must be completed and sent to: declarationslimited@ithala.co.za.

11. Internal Procedures

To ensure compliance with this policy, the following internal procedures shall be set up:

- 11.1 This policy shall be adopted by EXCO on approval by the Board of Directors;
- 11.2 The policy shall be published for the attention of all employees, and placed on Ithala's intranet and company website for customers and employees to access;
- 11.3 Employees shall be trained on the provisions of the policy;
- 11.4 Monitoring will be conducted by the Compliance Department and Group Internal Audit;
- 11.5 The Compliance Officer will report on compliance with the policy to the Audit and Compliance Committee;

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- 11.6 Non-compliance will be subject to disciplinary measures in terms of FAIS and employment conditions, and can ultimately result in debarment or dismissal, as applicable;
- 11.7 Avoidance, limitation or circumvention of this policy by an employee will be deemed non-compliance and will lead to disciplinary action.

12. Policy Review

This Policy is subject to review annually for approval by the Board. Any proposed changes must be approved by the Board after recommendation by the Audit and Compliance Committee.

Annexure A: Summary of the procedure for the acceptance of gifts, entertainment and hospitality.

Type of gift, entertainment or hospitality offered	Requirement
Corporate branded merchandise of modest value not exceeding R250 (key rings, , lanyards, note pads)	Acceptable with no need for declaration.
Corporate branded merchandise of modest value exceeding R250	Acceptable provided that this has been declared.
Payment for or provision of modest, in-frequent meals or entertainment that is business related.	Acceptable with no need for declaration. Normal expense capture / re-imburement processes apply.
Client or business partner pays for meals during periods of business travel.	Acceptable only with prior approval.
Attendance at a client or business partner sponsored events	Acceptable only with prior approval of line manager.
Attendance at bona-fide business functions	Acceptable only with prior approval of line manager.
Cash or loans	Unacceptable.
Gifts of alcoholic beverages	Acceptable provided that this has been declared.
Gift certificates or vouchers under R1000 rands	Acceptable provided that this has been declared.
Payment of expenses of a personal nature by a client or business partner.	Unacceptable.
Non-business related supplier events (e.g. golf days, hunting trips, etc.)	Acceptable provided that this has been declared.
Gifts to, or the provision of entertainment for, spouses, family members or other individuals having a close personal relationship with the employee	Unacceptable, unless with the prior written approval of line manager.
Payment of accommodation or travel costs even as part of a business trip.	Unacceptable – Ithala shall request a breakdown of all costs and pay for the employee's attendance.
Holiday or weekend accommodation of any nature.	Unacceptable.
Invitations to events including sports events and concerts	Acceptable provided that this has been declared and prior approval of line manager has been obtained.
Event tickets (rugby, cricket, Durban July etc.)	Acceptable provided that this has been declared and prior approval of line manager has been obtained.