



ITHALA LIMITED

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

TABLE OF CONTENTS

	PAGE
1. Purpose of the Policy	
3	
2. Policy Statement	
3	
3. Scope	
3	
4. Definitions	
3	
5. Roles and Responsibilities	
4	
6. Conflict of Interest	
5	
7. Identifying Conflict of Interest	
5	
8. Conflicts of Interest: Prevention, Detection and Management	
5	
9. Management of Conflict of Interest	
6	
10. Internal Procedures	
6	
11. Review	
7	

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 Limited's Conflict of Interest (COI) Policy.

2. Policy Statement

2.1 Ithala Limited 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 our partners, customers and policyholders.

2.2 Ithala Limited 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 Limited.

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 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 Officers provide on-going compliance services and monitor compliance with FAIS and related legislation.

5.5 Employee's Responsibilities: All employees 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 Limited, 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 Limited or an employee will realise a financial gain or avoid a potential loss at the customer's expense;

- The interest of Ithala Limited or an employee may be different from the customer's interest;
- Ithala Limited 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 customer in question.
- 8.3** Ithala Limited 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 Limited 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. Internal Procedures

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

10.1 This policy shall be adopted by EXCO to be approved by the Board of Directors;

10.2 The policy shall be published for the attention of all employees, and placed on Ithala Limited's intranet and company website for customers and employees to access;

10.3 Employees shall be trained on the provisions of the policy;

10.4 Monitoring will be conducted by the Compliance Department and Group Internal Audit.

10.5 The Compliance Officer will report on compliance with the policy to EXCO and the Board.

10.6 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.

10.7 Avoidance, limitation or circumvention of this policy via an employee will be deemed non-compliance and will lead to disciplinary action.

11. Policy Review

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