



CONFLICT OF INTEREST POLICY

COMPLIANCE

Document No: 06 – 02 – 001
Department: Compliance
Author: S. Balzarotti
Date: 2 February 2023
Revision Date: 31 January 2025
Revision: 2

Document Approval

Document Name: Conflict of Interest Policy
Document Number: 06 – 02 – 001
Document Owner: S. Balzarotti
Department: Compliance
Pages: 6
Stored: The PFS Group // Compliance // Conflict of Interest

Authorisation – Management

Revision	Date	Position	Initial & Surname	Signature
2	2 February 2023	Director	C. J. Hage	<i>C J Hage</i>

Authorisation – Director

Revision	Date	Initial & Surname	Signature
2	2 February 2023	C. J. Hage	<i>C J Hage</i>

Document History

Revision	Date	Status	Author	Amendments
1	2021	Approved	B. Slippens-Smit	Approved document
2	2 February 2023	Approved	S. Balzarotti	Updated format and information

Company Proprietary Information

The approved electronic version of this document is the latest revision. It is the responsibility of the individual to ensure that any printed-out material is the current version. The printed version of this document is uncontrolled, except when provided with a document reference number and revision in the field below:

Document Number: 06 – 02 – 001
Uncontrolled Copy: Controlled Copy: Rev: 2
Date: 2 February 2023

This document is the property of The PFS Group (Pty) Ltd. It must not be reproduced in whole or in part or otherwise disclosed without prior written consent. The official controlled copy of this document is the signed PDF document held within our network server and visible to all authorised users. All printed copies and all electronic copies and revisions, except the ones described above, are considered uncontrolled copies which should be used for reference only.

INDEX

1. Background
2. Objective of the Policy
3. Mission Statement on Conflict of Interest
4. Definitions
5. What May We Give and Receive
6. Processes and Internal Controls
7. Measurement For Avoidance and Mitigation of Conflict of Interests
8. Ongoing Monitoring of Conflict of Interest Management
9. Training and Staff
10. Representative Incentives
11. Gift Register

1. BACKGROUND

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place to identify, mitigate and manage the conflicts of interest. This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

2. OBJECTIVE OF THE POLICY

In terms of the Financial Advisory and Intermediary Services Act, 2002, we are required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. It is our prerogative to have a policy in place to safeguard our client's interests and ensure fair treatment of our clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

3. MISSION STATEMENT ON CONFLICT OF INTEREST

We are committed to ensuring that all business is conducted in accordance with good business practice. To this end we will conduct our business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interests. The protection of our client's interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our client's interests;

- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our client's interests through identified conflict of interest.

4. DEFINITIONS

Conflict of interests

A conflict of interest may occur when in rendering a financial service to you we do not act objectively or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to:

- a) a financial interest
- b) an ownership interest
- c) any relationship with a third part.

A financial interest

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) 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. Specialized technological system of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

Fair value

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

5. WHAT MAY WE GIVE AND RECEIVE

We confirm that we will only financial interest from product providers in the form of:

- (i) Commission authorized under the Short-term Insurance Act, 53 of 1998;
- (ii) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- (iii) Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- (iv) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;

6. PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, we will consider whether there is a material risk of damage to the client, taking into account whether any of our representatives, associates or employees:

- 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, group of clients or any other third party over the interests of the client;
- 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 legislated commission or reasonable fee for that service.

Our policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between ourselves and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients. We may only receive commissions authorized in terms of applicable legislation.

7. MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.

Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Keep a register of gifts.

Once a conflict of interest has been identified it needs to be appropriately and adequately managed.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.

- **Disclosure:**

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect client's interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash, inducements will be disclosed to clients.

- **Publication:**

We will publish our conflict of interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

- **Declining to act:**

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

8. ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually and must be included in your annual FSB compliance report, containing details "...on at least the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy."

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters.

9. TRAINING AND STAFF

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointee's induction and refresher training provided on an annual basis.

The Key Individual will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

Non-Compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually and updated if applicable.

10. REPRESENTATIVE INCENTIVES

We confirm we will not offer any financial interest to our key individuals or representatives for-

- (i) Favours quantity of business over quality of service; or
- (ii) Giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) Giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

11. GIFT REGISTER

Financial Interest Received: Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1 000 per annum) other than –

Description	Date Received	From	Reason	Value