



EXEO  
CAPITAL

BUSINESS INVESTMENT WITH PURPOSE

## Conflict of Interest Management Policy

September 2022

*We create value consciously, so that companies  
and people may thrive.*

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## 1. DEFINITIONS

### 1.1 Conflict of Interest

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

- influence the objective performance of his, her or its 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 interest of that client, including but not limited to:
  - a financial interest;
  - an ownership interest;
  - any relationship with a third party.

### 1.2 Financial Interest

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;
  - specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.
- a recognised qualifying enterprise development contribution to a qualifying beneficiary by a provider that is a measured entity.

### 1.3 Immaterial Financial Interest

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 provider who is a sole proprietor; or
- a representative for that representative's direct benefit;
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

### 1.4 Ownership Interest

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.



- Ownership interest of 5% or more needs to be declared.

## 1.5 Third Party

Third Party means

- a product supplier;
- another provider;
- an associate of a product supplier or a provider;
- a distribution channel;
- any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to a provider or its representatives.

## 1.6 Associate

Associate means

- in relation to a natural person:
  - a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person
  - a child of that person, including a stepchild, adopted child and a child born out of wedlock
  - a parent or stepparent of that person
  - a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person
  - a person who is a spouse, life partner or civil union partner of a person referred to above
  - a person who is in a commercial partnership with that person
- in relation to a juristic person:
  - which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary
  - which is a close corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act
  - which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
    - had such first-mentioned juristic person been a company, or
    - in the case where that other person, too, is not a company, had both the first-mentioned juristic person and that other person been a company
    - means any person in accordance with whose directions or instructions the board of director of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.
- in relation to any person:
  - means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph



- includes any trust controlled or administered by that person

## **2. PURPOSE OF A CONFLICT OF INTEREST MANAGEMENT POLICY**

In terms of Section 3A(2) every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy which complies with the provisions of the Financial Advisory and Intermediary Services Act, 37 of 2002.

In terms of the General Code of Conduct a provider and a representative must avoid, and where this is not possible, mitigate any conflict of interest between the provider and a client, or a representative of the provider and his, her or its clients.

The FSP and its representatives are committed towards acting within the best interests of our clients and to avoid all conflict of interests in relation to the provision of financial services. Where we are unable to avoid a conflict of interest, we will take all necessary precautions to ensure that any actual or potential conflict of interest is mitigated and adequately disclosed to our clients.

In order to ensure the continued demonstration of our commitment, management has adopted a Conflict of Interest Management policy to provide for the effective management of any actual or potential conflicts of interest that may arise wholly or partially, in relation to the provision of financial services.

The purpose of the Conflict of Interest Management Policy is therefore to:

- establish internal controls and mechanisms towards the identification of conflicts of interest
- establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore
- establish measures to ensure that any unavoidable conflicts of interest are mitigated
- establish measures to ensure the proper disclosure of any conflicts of interest
- establish processes, procedures and internal controls to facilitate compliance with the policy
- communicate the consequences of non-compliance with the policy

## **3. IDENTIFYING A CONFLICT OF INTEREST**

### **3.1 INDIVIDUAL IDENTIFICATION**

The primary responsibility for the identification of a conflict of interest rests with the representatives, employees and individual members of the governing body of the FSP.

Throughout the process of rendering a financial service to a client, a representative must apply his or her mind to answering the following questions:

- is there any situation that exists that influences the objective performance of my obligations to my client?
- is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
- is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is “no”, then there is no conflict of interest associated with the financial service and the representative may proceed.

If the answer to any one of the three questions is “yes”, the representative must proceed to answer the following additional questions:



- is the situation caused as a result of an actual or potential relationship with a third party? (see definition of “third party”)
- is the situation caused by an actual or potential financial or ownership interest? (see definition of “financial interest” and “ownership interest”)

If the answer to any one of these questions is “yes”, an actual or potential conflict of interest will have been identified.

### **3.2 INTERNAL CONTROLS TO IDENTIFY CONFLICTS OF INTEREST**

The FSP has implemented the following internal controls to identify actual or potential conflicts of interest that may arise:

- Conflict of Interest declarations are signed by all relevant personnel on an annual basis. The purpose of collecting Conflict of Interest declarations is to assist the FSP and the appointed Compliance Officer to identify actual or potential conflicts of interest
- A list of the FSP’s associates is attached as an annexure hereto. The list is reviewed on an annual basis
- A list of all third parties in which the FSP holds an ownership interest is attached as an annexure hereto. The list is reviewed on an annual basis
- A list of all third parties that holds an ownership interest in the FSP is attached as an annexure hereto. The list is reviewed on an annual basis
- The FSP maintains a Gift Register. All gifts received from a third party with an estimated value of R1000 or more will be recorded in the FSP’s Gift Register. The Gift Register is kept in the FSP’s Compliance Manual
- All relevant personnel (Key Individuals and Representatives) are required to immediately disclose in writing to the governing body of the FSP and the FSP’s Compliance Officer, any actual or potential conflicts of interest as soon as they become aware of such situation

### **4. AVOIDING AND MITIGATING A CONFLICT OF INTEREST**

Once an actual or potential conflict of interest has been identified, the following procedures will be followed in order to determine whether the conflict of interest is avoidable:

- The status of whether the actual or potential conflicts of interest’s is still deemed to be unavoidable shall be reassessed on a continuous basis
- Where a previously deemed unavoidable actual or potential conflicts of interest is subsequently deemed to be avoidable, such actual or potential conflict of interest shall immediately be avoided
- All representatives will be notified of any actual or potential conflicts of interest as well as the reasons for its unavoidability
- When rendering a financial service, a representative shall be required to disclose to the client in writing that an actual or potential conflict of interest exist
- The FSP and/or the FSP’s compliance officer shall report on the status of the actual or potential conflict of interest in the FSP’s compliance report to be submitted to the Financial Services Board

**5. DISCLOSURE OF CONFLICTS OF INTEREST** It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest. The FSP is



therefore committed to ensure that clients are fully informed about actual or potential conflicts of interest in relation to the provision of financial services.

The FSP has adopted the following disclosure measures:

- The FSP shall disclose to a client any conflict of interest in respect of that client
- The disclosure shall be made in writing at the earliest reasonable opportunity. The disclosure may be communicated by way of appropriate electronic media
- The disclosure shall include the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest
- The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest
- The disclosure shall include the measures taken to avoid or mitigate the conflict
- The disclosure shall include any ownership interest or financial interest, other than an immaterial financial interest, that the FSP or representative may be or become eligible for
- The disclosure shall include a reference to the FSP's Conflict of Interest Management Policy and how it may be accessed

## 6. COMPLIANCE MEASURES

The measures implemented towards ensuring the FSP's continued compliance with the Conflict of Interest Management Policy rests with the governing body of the FSP. The FSP's appointed Compliance Officer will monitor the FSP's continued compliance with the policy on an ongoing basis.

The FSP has adopted the following internal controls and processes:

- The governing body of the FSP shall ensure that the Conflict of Interest Management Policy is kept in the FSP's Compliance Manual
- The governing body of the FSP shall ensure that all relevant personnel read the Conflict of Interest Management Policy and understand their duties in respect thereof
- The governing body of the FSP shall ensure that all personnel, and where appropriate, associates are made aware of the contents of the Conflict of Interest Management Policy and shall provide personnel with training and educational material where deemed appropriate
- The governing body of the FSP shall ensure that all Conflict of Interest declarations are signed by relevant personnel on an annual basis
- Where an employee or representative have any concerns whether or not an actual or potential conflict of interest might arise in a particular situation, the employee or representative will be required to refer his or her concern to the FSP's Compliance Officer
- The governing body of the FSP shall ensure that a list of all the FSP's associates is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually
- The governing body of the FSP shall ensure that a list of all the parties in which the FSP holds an ownership interest is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually
- The governing body of the FSP shall ensure that a list of all third parties that holds an ownership interest in the FSP is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually



- The governing body of the FSP shall continue to maintain a Gift Register and shall ensure that all gifts received from a third party with an estimated value of R1000 or more are recorded in the FSP's Gift Register
- The governing body of the FSP shall ensure that the proper disclosures are made to the client regarding actual or potential conflicts of interest
- The Conflict of Interest Policy shall be regularly reviewed by the appointed Compliance Officer, and where necessary, updated to ensure that the measures contained herein remains effective
- The governing body of the FSP shall publish its Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times
- The governing body of the FSP shall ensure that the Conflict of Interest Management Policy is reviewed on at least an annual basis

## **7. CONSEQUENCES OF NON-COMPLIANCE**

Where there is reason to believe that an employee or representative has failed to disclose an actual or potential conflict of interest via the proper communication channels, the FSP will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by the FSP, its clients or any other third party.

Where an investigation concludes that an employee or representative of the FSP has indeed failed to disclose an actual or potential conflict of interest, the FSP shall immediately take appropriate disciplinary steps and corrective actions against such employee or representative. Any failure by an employee to comply with the Conflict of Interest Management Policy will be considered serious form of misconduct and a dismissible offence.

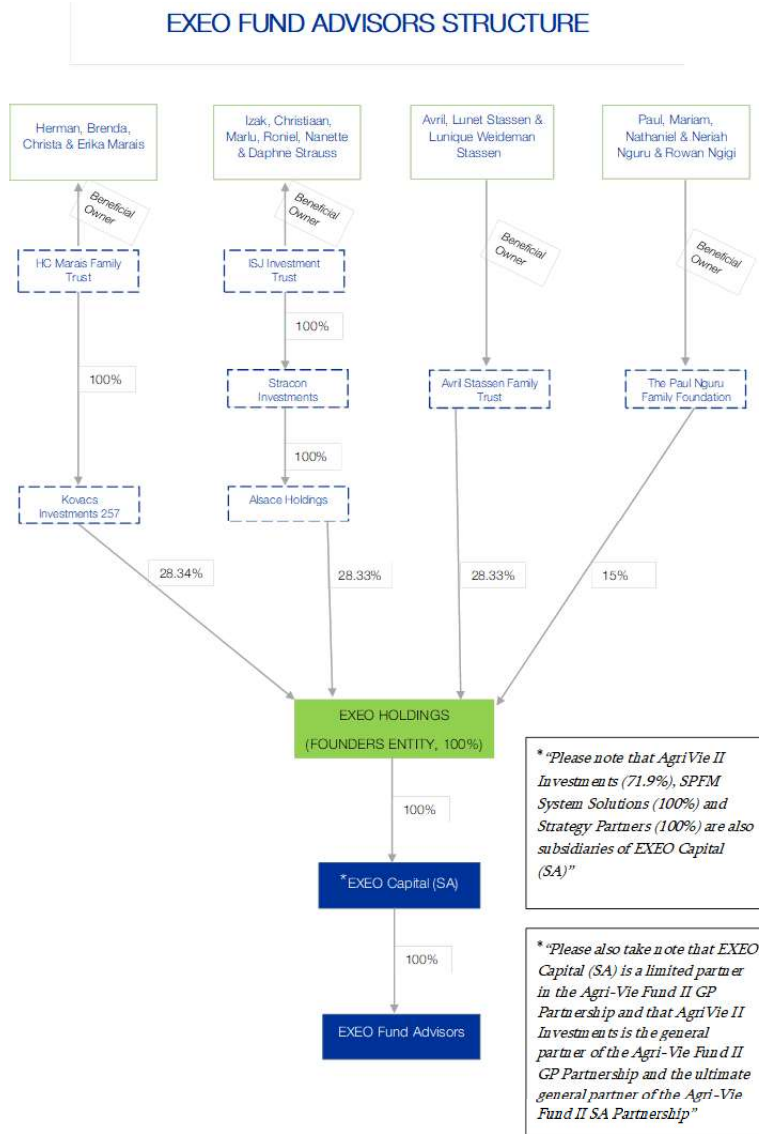





**8. ANNEXURE A: LIST OF ASSOCIATES**

In terms of Section 3A(2)(b)(iii) of the General Code of Conduct, a Conflict of Interest Management Policy must include a list of all the FSP’s associates.

Please refer back to the definition of an “associate” and list all the FSP’s associates, as well as the nature of the associate relationship:



|                           |   |
|---------------------------|---|
| Key Individual Signature: |  |
| Date:                     | 03 October 2022   |



**9. ANNEXURE B: OWNERSHIP INTERESTS HELD BY THE FSP**

In terms of Section 3A(2)(b)(v) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties in which the provider holds an ownership interest.

Please refer back to the definition of a “third party” and “ownership interest” and list all third parties in which the FSP holds an ownership interest. Also specify the nature and extent of the ownership interest.

N/A

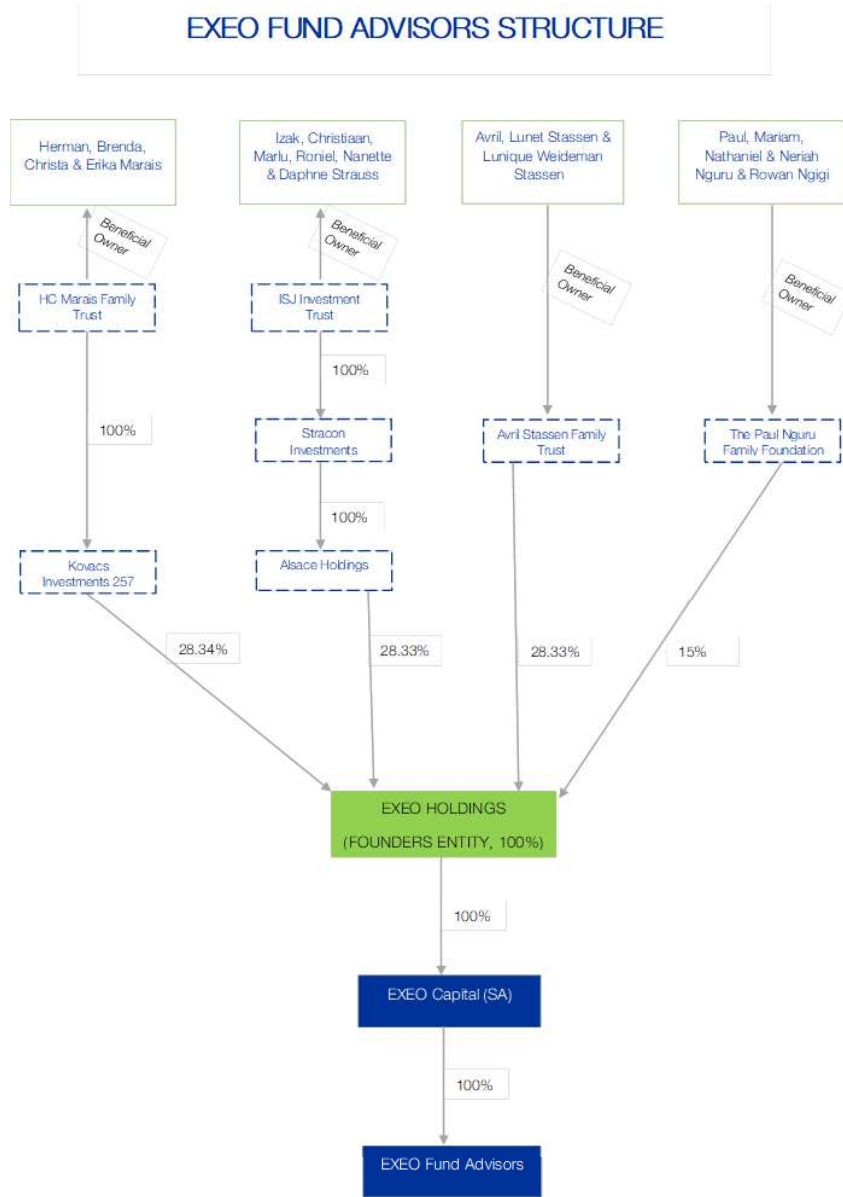
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| Date:                     | 03 October 2022   |
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**10. ANNEXURE C: OWNERSHIP INTEREST HELD IN THE FSP**

In terms of Section 3A(2)(b)(vii) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties that holds an ownership interest in the provider.

Please refer back to the definition of a “third party” and “ownership interest” and list all third parties that hold an ownership interest in the FSP. Also specify the nature and extent of the ownership interest.



|                           |   |
|---------------------------|---|
| Key Individual Signature: |  |
| Date:                     | 03 October 2022   |

