



Conflict of Interest Management Policy

FSP No. 10287

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1. INTRODUCTION

The document is formulated on the basis of the Board Notice 58 of 2010 of the FAIS Act 2002. The Board Notice came as an amendment to the General Code of Conduct for Authorised Financial Services Providers and its Representatives as published in Board Notice 80 of 2003 and amended in Board Notice 43 of 2008, all read as the Code.

In the formulation of Board Notice 58 the Registrar aimed to provide guidelines on the conduct of Financial Services Providers and or its Representatives regarding the management of conflict of interest that is or may be of prejudice to the potential or existing policyholder.

Conflict of interest exists when an Ambledown employee or Representative has financial or personal relationships that inappropriately influence (bias) in their actions. These actions may also be called dual commitments, competing interests, or competing loyalties. These relationships vary from being negligible to having great potential for influencing judgment. Not all relationships represent true conflict of interest. On the other hand, the potential for conflict of interest can exist regardless of whether an individual believes that the relationship affects his or her judgment. Financial relationships (such as employment, shareholding, commission, profit share, gifts, free holiday, vouchers, etc.) are the most easily identifiable conflicts of interest and the most likely to undermine the credibility of Ambledown and its objectives.

The facts of each situation will determine whether the nature of the interest in question is such as to bring it within the area of a potential conflict. These facts include the amount of business involved, the extent to which the employee or Representative could influence Ambledown's decisions with respect to the transaction, and whether the interest is of such a nature that it might affect the objectivity or the business judgment of the employee or Representative.

Other forms of conflicts can occur for other reasons, such as personal relationships.

Conflict of interest situations must be avoided however where not possible to avoid any action or reward that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact and it must be appropriately disclosed to the client.

This Policy seeks to set out the management of any such conflicts of interests:

- the mechanisms used to identify such conflicts,
- the measures for avoidance and disclosure,
- processes and procedures for compliance with the Policy, and
- the consequences of non-compliance to the Policy.

The Policy contains details of the types of financial interests Ambledown or its Representatives receives and the basis on which it is received.

This policy applies to all employees and Representatives of Ambledown involved in the daily operational business of Ambledown. This policy should be read together with Ambledown's Disciplinary Code And Practice (Code Of Practice).

A copy of the policy will be in electronic form on the HR Drive, under the Conflict of Interest folder.

2. DEFINITIONS

"Ambledown"

refers to Ambledown Financial Services (Pty) Ltd a company duly incorporated and registered according to company laws of the Republic of South Africa, registration number 2004/006271/07 represented by its employees and or Representatives.

“Associate”

a) in relation to a natural person, means –

- i) a person who is recognized in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
- ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- iii) a parent or stepparent of that person;
- iv) a person in respect of which that person is recognized 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;
- v) a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs (ii) to (iv);
- vi) a person who is in a commercial partnership with that person.

b) in relation to a juristic person –

- i) 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;
- ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
- iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person-
 - aa) had such first-mentioned juristic person been a company; or
 - bb) in the case where that other juristic person, also, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
- iv) means any person in accordance with whose directions or instructions the board of directors or members of, or in the case where such juristic person is not a company or close corporation, the governing body of such juristic person is accustomed to act;

c) in relation to any person –

- i) means any juristic person of which the board of directors or members, or in the case where such juristic person is not a company or close corporation, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
- ii) includes any trust controlled or administered by that person.

“Client”

A specific person or group of persons, excluding the general public, who is or may become subject to a financial service rendered intentionally by the FSP’s

"Conflict of Interest"

Any situation where Ambledown, an employee or a Representative has an interest that may in rendering a financial service to a client, influence the objective performance of his / her / its obligations to that client or where it prevents him / her / it from rendering an objective, unbiased and fair financial service to that client, or from acting in the best interests of that client. This includes but not limited to receiving any form of

- i. a financial interest;
- ii. an ownership interest;
- iii. relationship with a third party.

“Distribution Channel”

- a) any arrangement between a Product Supplier or any of its Associates and one or more Providers or any of its Associates in terms of which arrangement, any support or service is provided to the Provider or Providers in rendering a financial service to a client;
- b) any arrangement between two or more Providers or any of their Associates, which arrangement facilitates, supports or enhances a relationship between the Provider or Providers and a Product Supplier;
- c) any arrangement between two or more Product Suppliers or any of their Associates, which arrangement facilitates, supports or enhances a relationship between a Provider or Providers and a Product Supplier.

“Financial Interest”

A financial interest includes cash, a cash equivalent, voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable consideration other than:

- a) an ownership interest
- b) training by a Product Supplier on products, general industry information and technical systems which training is not made exclusively available to a selected group of providers or Representatives excluding travel and accommodation costs associated with the training.

“FSP”

Ambledown Financial Services (Pty) Ltd, the Financial Services Provider authorised in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002, FSP registration number 10287

“Immaterial Financial Interest”

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.

“Ownership Interest”

An equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by an approved nominee on behalf of another person and includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

“Product Supplier”

Any person or juristic person who issues a financial product by virtue of an authority, approval or right granted to such person or juristic person under any law;

"Third Party"

- a) a Product Supplier;
- b) an FSP other than Ambledown;
- c) an associate of a Product Supplier or Ambledown;

- d) a distribution channel;
- e) 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 Ambledown or its Representatives.

3. PROCEDURES FOR MANAGEMENT OF CONFLICT OF INTEREST

3.1. IDENTIFICATION

To identify a possible conflict, Ambledown will perform:

- 3.1.1 An analysis of the distribution channel;
- 3.1.2 An analysis of Third party relationships;
- 3.1.3 Types of financial interest received or offered;
- 3.1.4 Receipt of immaterial financial interests must be aligned to the gift policy and recorded accordingly;
- 3.1.5 Annual or regular reviews of all disclosures in terms of FAIS to ensure appropriate identification and disclosure of Conflict of Interest.

3.2. MANAGING CONFLICTS OF INTEREST

- Ambledown's policy is to provide specific training and educational material on how conflict of interest may arise and how it can be avoided to its employees and Representatives;
- Once a conflict has been identified actual or perceived it is assessed whether the conflict is, what the value of the conflict or exposure is and the potential reputational risk;
- The Executive Management will decide whether it is viable to go ahead with the transaction, activity or if the conflict is too severe, decline to engage in the transaction;
- Where a conflict of interest cannot be avoided employees and Representatives are required to make a written disclosure of such a conflict to the existing and potential clients at the earliest reasonable opportunity, together with measures that were taken to mitigate the situation. Any such disclosures are required to be approved by the Executive Management;
- Every existing and potential client has the right to ask the employee or Representative for further details regarding such disclosures. A client's rights (or potential rights) and the protection offered under the Code may not be waived;
- If the Executive Management decides that the particular conflict can be mitigated, they need to agree on the controls that need to be put in place to mitigate the conflict. The controls have to be documented in the Conflict of Interest Register.
- All financial interests received by employees and Representatives are recorded and monitored as part of the overall risk monitoring process.
- The Risk and Compliance Officer maintains a Conflict of Interest Register with the identified conflict. The register is reviewed on an annual basis for completeness and relevance. The register identifies the conflict, the severity of the conflict and documented controls to mitigate the conflict.

- The Risk and Compliance Officer together with the Executive Management will review annually this document and perform a “peer review” with industry standards of all disclosed conflicts and relations that could be viewed as potential conflicts of interest. Disclosure and review of such conflicts is important in connection with the financial interest where both Ambledown, employees and Representatives are bound to benefit versus the interest of the client or the potential client.
- The committee will then use the information disclosed in the conflict of interest and financial interest statements as a basis for either accepting or declining new business or in management of existing business.

3.3 FINANCIAL INTEREST

Ambledown confirm that it will only receive financial interest from a product supplier in the form of:

- commission as authorised under the Short Term Insurance Act 1998 and or Long Term Insurance Act 1998;
- fees authorised under the Short Term insurance Act 1998 or Long Term insurance Act, if those fees are reasonably in line to a service being rendered plus a reasonable rate of return;
- fees authorised under the Short Term insurance Act 1998 or Long Term insurance Act for the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of that client;
- fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- subject to any other law, an immaterial financial interest and

Ambledown confirms that it does not offer any financial interest to any Broker for:

- giving preference to the quantity of business secured, to the exclusion of the quality of service rendered to clients; or
- giving preference to a specific Product Supplier, where a Broker may recommend more than one Product Supplier to a client; or
- giving preference to a specific product of a Product Supplier, where a Broker may recommend more than one product of that Product Supplier to a client.

4. ASSOCIATES AND THIRD PARTIES

Ambledown is a 50% held subsidiary of the Unlimited Group (Pty) Ltd. As one of the subsidiaries in the Unlimited Group it however has no business dealings with any of the fellow subsidiaries within the Unlimited Group of companies listed below:

- The Unlimited Capital (Pty) Limited (100%)
- Token Unlimited Retail Group (Pty) Limited (50%)
- 3C Holdings (Pty) Limited (100%)
- Innowave Limited (100%) (Incorporated in Mauritius) which in turn fully owns Innowave India

Unlimited Group’s, percentage holding is shown in brackets.

The remaining ownership interest in Ambledown is privately held by Mr Tiago Soares de Carvalho.

The Unlimited Group is in turn 100% owned by Zabawa Trust.

5. **MITIGATING CONTROLS**

Ambledown has various internal policies and controls in place to manage and mitigate possible Conflicts of Interest:

- i) An employee or a Representative will complete the **Staff And Representative Declaration: Financial Interest And Gifts Declaration** Form annually, and at a specific or earliest reasonable opportunity disclose to a client any Conflict of Interest in respect of that client. The disclosure must include:
 - a) measures taken, in accordance with the Conflict of Interest Management Policy to avoid or mitigate the conflict;
 - b) any ownership interest or financial interest, other than an immaterial financial interest, that the Provider of Representative may become eligible for;
 - c) the nature of any relationship or arrangement with a third party that gives rise to a Conflict of Interest, in sufficient detail to a client to enable a client to understand the exact nature of the relationship or arrangement and the Conflict of Interest; and
- ii) An employee or a Representative must inform the client of the Conflict of Interest Management policy and how it may be accessed.

The **Conflict of Interest Register** will be kept for recording of all possible interests that may result in conflict. It will be available for viewing on request. The Register identifies all conflicts as well as the mitigation controls put in place to manage the conflict. The register is updated when a conflict becomes apparent, but reviewed at least on an annual basis.

The **Personal Interest Register** will be kept for recording of all possible personal interests that may result in conflict or impairment in judgement. The register should be completed by every employee or Representative and it will contain business interests of that person to the extent that such business interest might cause an actual or perceived Conflict of Interest.

The **Gift Register** will be kept for recording of all gifts received by every employee or Representative, whatever the size or value that may result in conflict of interest or impairment in judgement.

Disclosure: All employees and Representatives are required to read this policy and complete a Disclosure of conflict of interest form. They also need to sign a Declaration form that they have read and fully understand the provisions of the document and the application thereof.

Staff Performance Reviews are conducted bi-annually with the intention to identify that as a minimum an employee performs up to the expected levels of service and carry the positive company culture when dealing with stakeholders specifically clients. Data collected through the performance reviews is collated and used by the Remuneration committee when deciding on the appropriate levels of reward and remuneration of employees.

Consequences of non-compliance

- All employees who do not comply with this Policy will be subject to Ambledown's internal employee disciplinary procedures.

- All Representatives who do not comply with this Policy will be subject to the processes and procedures applicable to Representatives under the FAIS Act, which may lead to debarment and or dismissal.

Avoidance, limitation or circumvention of this policy through whatever means will also be seen as non-compliance.

6. ROLES AND RESPONSIBILITIES

Ambledown has adopted a governance process in place that requires Executive Management to ensure compliance to this Policy:

Managing Executive: Compliance

The Managing Executive responsible for the Compliance function is accountable for the implementation and compliance with this Policy within Ambledown. The Managing Executive will carry the mandate as outlined by the Board of Directors through the Sub Committee responsible for Risk Management.

Risk and Compliance Officer

The Risk and Compliance Officer is accountable for the maintenance and monitoring of this Policy within the context of changing business practices and a changing regulatory environment as per the Risk and Compliance Management Framework and for reporting to management in terms of the Risk and Compliance Monitoring Programme.

Existing and potential clients may direct questions and complaints concerning the application of this Policy to compliance@ambledown.co.za.

Managers and Staff

All Departmental Managers and their respective sub-ordinates are accountable for ensuring compliance with this Policy as an integral part of operations and risk management within their business units.

Key Individuals

The appointed Key Individuals are accountable for ensuring compliance by Representatives listed on the Representative registers under their control as required in terms of the provisions of the FAIS Act.

7. REVISION

This policy document will be reviewed and amended at least annually or within a shorter period if required by the Risk and Compliance Officer and submitted to the Executive Committee for approval and adoption.

8. ANNEXURES

Sample of all disclosure documents required to be completed by employees or representatives. The documents are available in electronic form on the HR Drive, under the folders "Ambledown HR Policies" and "Conflict of Interest".

ANNEXURE A:

STAFF AND REPRESENTATIVE DECLARATION: FINANCIAL INTEREST AND GIFTS DECLARATION

I,.....(full names), hereby confirm that *(cross out whichever is not applicable)*

I have received the gifts and / or financial interests from product suppliers and / or third parties as per the attached schedule.

or

I have not received any gifts or financial interests from product suppliers or third parties in the past twelve months.

I hereby confirm the following:

- 1. I understand that the receipt of any financial interest can give rise to a conflict of interest that may be prejudicial to Ambledown;
- 2. I fully understand that I must disclose the receipt of any financial interests to the Executive Management of Ambledown who will evaluate the nature of the financial interest and decide on a course of action which may include the return of the reward to the sender;
- 3. I understand that the failure to follow the above conflicts procedures could compromise the integrity and reputation of Ambledown.

I acknowledge that I understand the above declaration and realise that failure to comply with the relevant internal procedures could after due process, lead to disciplinary steps and possibly, the termination of my contract and or debarment.

Signed at..... on 20.....

Signed Full names.....

