

CONFLICT OF INTEREST MANAGEMENT POLICY

Reviewed: January 2019

This policy is owned by **Wealthport**, a duly authorised Financial Services Provider (FSP44158).

1 CONFLICT OF INTEREST PROVISIONS

In terms of the General Code of Conduct for Financial Services Providers an FSP and a representative must avoid, and where this is not possible, mitigate, any conflict of interest between the FSP and a client or the representative and a client.

- In order to adhere to this requirement, the FSP must ensure that adequate arrangements are in place for the management of conflicts of interest that may arise wholly or partially, in relation to the provision of any financial services to clients by the FSP. In terms of Section 3A(2)(a) of the General Code of Conduct every Financial Services Provider (FSP), other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. This policy must be read and understood in conjunction with the General Code of Conduct for Authorised Financial Services Providers.
- A nominated Key Individual must acknowledge the FSP's ownership of the policy.
- The nominated Key Individual will be responsible for overseeing the implementation of the policy.
- All Key Individuals and persons associated with the Risk Management Committee of the FSP must confirm the adoption of this policy.
- All employees must read and confirm that they understand the contents of this policy, by signing a personal acknowledgement.
- The policy must be accessible for public inspection purposes and the most recent version published on the FSP website/s.
- This policy must be reviewed annually.

2 DEFINITIONS

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;

- a) influence the objective performance of services and duties to any client; or
- b) 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 –
 - i) a financial interest;
 - ii) an ownership interest;
 - iii) any relationship with a third party.

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 –

INDEPENDENT INVESTING
POWERED BY
WEALTHPORT

- 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; but excluding travel and accommodations associated with that training.

Ownership interest:

- a) means any equity of 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
- b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

Third party: means –

- a) a product supplier;
- b) another financial services provider;
- c) an associate of a product supplier or a provider;
- d) a distribution channel;
- e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs a) and b) under the definition of Ownership interest above provides a financial interest to a provider or its representatives.

Associate:

- a) in relation to a **natural person**, means –
 - i) a person who is recognised in law or the tenets of religion as a 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 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;
 - v) a person who is the spouse, life partner or civil union partner of a person referred to in (ii), (iii) and (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 closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act;
 - iii) 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 person, too, is not a company, had both the first-mentioned juristic person and the other juristic person been a company;
 - iv) means any person in accordance with whose directions or instructions the board of directors or, in the case where such juristic person is not a company, the Risk Management Committee of such juristic person, is accustomed to act.
- c) in relation to any person,
 - i) means any juristic person in accordance with whose directions or instructions the board of directors or, in the case where such juristic person is not a company, the Risk Management Committee of such juristic person, is accustomed to act.
 - ii) includes any trust controlled or administered by that person.

Distribution channel: means –

INDEPENDENT INVESTING
POWERED BY

WEALTHPORT

- 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 financial services provider or providers in rendering a financial service to the client.
- b) any arrangement between two or more financial services 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.

3 MANAGEMENT PROCESS

3.1 IDENTIFICATION

The occurrence or existence of an actual or potential conflict of interest may well, due to its intangible nature, be identified only once a subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid, whenever possible, an actual or potential conflict of interest is therefore to a large extent dependant on whether an individual believes that there is a conflict of interest to begin with. It is for this reason that Key Individual/s and where applicable in consultation with the Risk Management Committee, should arrive at their conclusions only once they have adopted reflective and honest internal dialogue on the subject matter.

3.2 ONGOING MONITORING

Throughout the process of rendering a financial service to a client, a Key Individual and relevant staff members and/Risk Management Committee must apply their mind to answering questions that serve as a guide;

- “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 action in the interest of my client?”

*If the answer to **any one of these questions above** is “yes”– The following two questions should also be answered in order to verify that an actual or potential conflict of interest has been identified. It is important to note that conflict of interest is not limited to financial or ownership interest only.*

- “Is the situation caused by an actual or potential relationship with a 3rd party?”
- “Is the situation caused by an actual or potential financial or ownership interest?”

Guidance Notes on “objective performance”, “unbiased and fair” & “financial interest”:

The contextual definition of the relevant sections referring to “influences the objective performance” and “unbiased and fair financial services” cannot to be found within legislation and its interpretive meaning must therefore be sourced from elsewhere.

INDEPENDENT INVESTING
POWERED BY

WEALTHPORT

It is generally accepted that the word “objective” implies a situation where an individual’s feelings or opinions are completely absent. The “objective performance” of an FSP’s obligations therefore implies a situation where financial services are rendered without the influence of unrelated feelings or opinions. In the same vein, “unrelated feelings and opinions” denotes separate, external persuasions or motivations where no causal link or nexus can be found between the particular feeling or opinion and the financial service that is rendered within the best interests of the client. Put differently, if an unrelated feeling or opinion of an individual influences the performance of such said individual’s obligations, it cannot be said to be an objective performance of that individual’s obligation.

The word “bias” indicates an inclination or prejudice in favour of a particular person or viewpoint. Similarly, the word “fair” indicates a situation of just circumstances or treating people equally.

Unbiased financial services therefore imply financial services that do not lend themselves to a particular preference towards a person or viewpoint, if an accompanying, reasonable justification for such preference cannot be found. Consequently, all unbiased financial services must necessarily comprise services that are capable of being motivated by readily discernible, logical reasons and explanations.

“Fair” financial services on the other hand imply a situation where the same conclusion or outcome is consistently reached given the same exact set of circumstances. In other words, financial services cannot be said to be fair if a pattern of favouritism begins to present itself vis-à-vis a particular person or service. Any unexpected inconsistencies towards a group of clients and/or a particular client must therefore again have to be motivated by logic all reasons and explanations.

The FSP may only **receive or offer** the following financial interest from or to a third party that is:

- a) **An immaterial financial interest.** This is defined as a financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from/to the same third party in that calendar.
- b) **A financial interest not referred to above**, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

A provider **may not** offer any financial interest to a representative of that financial services provider for:

- a) Giving preference to the **quantity of business** secured for the provider to the exclusion of the quality of the service rendered to clients.
- b) Giving preference to a **specific product supplier**, where a representative may recommend more than one product supplier to a client.
- c) Giving preference to a **specific product of a product supplier**, where a representative may recommend more than one product of that product supplier to a client.

3.3 MECHANISMS FOR IDENTIFICATION AND COMPLIANCE:

Wealthport has established a Risk Management Committee that consists of a representative from each functional area. The mandate of this committee is to be accountable to and report to the Wealthport and Wealthport Nominees directors (“The Directors”) on all areas of potential risk identified and the outcomes of the following duties:

- Annual reviews of material contracts held with 3rd parties that includes a re-examination of whether these relationships influence Wealthport’s objective performance towards its clients, its ability to render fair and unbiased financial services and ability to act in the best interest of the client.

INDEPENDENT INVESTING
POWERED BY

WEALTHPORT

- Annual reviews on all relationships held with 3rd parties where an ownership interest is present, and re-examination of whether these relationships influence Wealthport's objective performance towards clients, and its' ability to render fair and unbiased financial services towards clients.
- Annual declarations signed by all Key Individuals and directors confirming the presence or absence of any actual or potential conflicts of interest.
- Annually update a list of all of Wealthport's associates and ownership interest/s in any third parties and third parties which hold an ownership in Wealthport.
- Maintenance of a gift register, kept on the Wealthport compliance file, with all gifts received or offered from/to 3rd parties, with an estimated value of R500 or more.
- Keep records of disclosures in writing to a nominated Key Individual of Wealthport of any conflicts of interest that any staff member may become aware of.
- Keep all records associated with the identification of an actual or potential conflict of interest, which must be available for inspection purposes.

A nominated Key Individual will ensure that processes and procedures are in place to ensure that all aspects of this policy are complied with. The appointed Compliance Officer will confirm adoption/review/signature of all the aspects mentioned as may be required as part of the Wealthport feedback report.

Once an actual or potential conflict of interest has been identified the following measures will be followed:

- A Key Individual will be consulted and all information surrounding the actual or potential conflict of interest disclosed. The Key Individual may consult with any internal party to clarify any information or may request that the Risk Management Committee convene to discuss the case an open and honest forum.
- All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties.
- All information surrounding the actual or potential conflict of interest must be disclosed to the Wealthport Compliance Officer.

The following consequences must be considered during the review process:

- The consequences of both avoidance and unavoidability as well as the subsequent negative impact it will have on clients, the FSP or the integrity of the financial services industry.
- The Wealthport Key Individual/s and/or Risk Management Committee Manager of Wealthport must apply its mind whether Wealthport can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

4 AVOIDANCE

If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Risk Management Committee of Wealthport shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of Wealthport and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.

Wealthport does not have unavoidable conflicts of interest in terms of any of the group structures it is associated with, vendors and/or any other services providers providing administration services and/or employees of the company at present.

5 DISCLOSURE AND MITIGATION

If the outcome of the review process indicates that the actual or potential conflict of interest is avoidable, the following **disclosure** and **mitigation processes** must be adhered to:

- Removal of the underlying cause of the actual or potential conflict of interest as soon as possible.
- Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum and reasons why the conflict was determined to be avoidable recorded.
- All determinations and interventions as it pertains to the avoidance of the conflict of interest must be documented and kept on the compliance file.
- Similar conflicts of interests must be avoided in the future.
- Wealthport will review the details of the case and implement an appropriate mitigation process.
- The reason(s) why the actual or potential conflict of interest is considered to be unavoidable must be recorded and kept on the compliance file.
- The Wealthport compliance officer must be made aware of the conflict's unavoidability as well as the reasons for such said unavoidability.
- The actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the unavoidability of the actual or potential conflict of interest.
- Alternative arrangements to a proposed transaction, contract or arrangement that is the subject of the conflict of interest must be investigated on a continuous basis.
- The rendering of financial services must at all times be conducted as to the best interest of the client (in as far as this is possible, given the unavoidability of the actual or potential conflict of interest).
- All relevant staff must be made aware of the actual or potential conflict of interest, and the reasons for its unavoidability.
- Full disclosure of the actual or potential conflict of interest must be made to the Financial Service Board by means of the Wealthport bi- annual compliance report.
- The relevant Wealthport Key Individual must inform all relevant staff in writing of the details relating to the potential conflict of interest within 30 days.
- Full disclosure of the actual or potential conflict of interest must be made to the Wealthport compliance officer.
- Wealthport must make appropriate disclosures to third parties including clients at the earliest reasonable opportunity and in such a way as to allow the client to make an informed decision as to whether to continue with the financial services.
- The disclosure must be made before or when the financial service is provided, and the client must be allowed a reasonable time to assess its effect.
- The disclosure must be formulated in such a way as to be considered prominent, specific and meaningful to the client.
- The disclosure must indicate the nature of the relationship or arrangement with a 3rd party that gives rise to the conflict of interest.
- The disclosure must indicate whether the conflict of interest is based on a financial and/or ownership interest.
- The disclosure must indicate any ownership interest held with a product supplier.
- Where the disclosure is provided orally, the disclosure must be confirmed in writing within 30 days of such said disclosure.
- The written disclosure must be communicated by hardcopy, telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form and must be provided by means of standard forms or format, in a clear and readable print size, spacing and format.
- The reasons for the conflict of interest's unavoidability must be made available to the client on request.
- The conflict of interest policy must be made available to the client on request.
- The Wealthport gift register must be made available to the client on request.

WEALTHPORT

6 CONSEQUENCES OF NON-COMPLIANCE

- If there is reason to believe that an employee has failed to disclose actual or possible conflicts of interest, the Wealthport Key Individual shall afford that person the opportunity to explain the alleged failure to disclose.
- If after hearing the response of the employee and making such further enquiries as may be warranted in the circumstances, and where the Wealthport Risk Management Committee determines that the employee has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

7 ANNEXURE A – WEALTHPORT 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.

Associate's Name Type of Relationship:

- | | |
|---------------------------------------|---|
| a) Ultimate holding company: | BHL (SA) Holding Limited UK |
| b) Intermediate holding company: | Telesure Investment Holdings Proprietary Limited |
| c) Holding company: | Rockport Capital Proprietary Limited (wholly owns Wealthport Proprietary Limited) |
| d) Fellow subsidiaries: | 1 Life Insurance Limited
Auto and General Insurance Company Limited
Budget Insurance Company Limited
Dial Direct Insurance Limited
Digital Comparison Services Proprietary Limited
First for Women Insurance Company (RF) Limited
Hippo Comparative Services Proprietary Limited
Hippo Advisory Services Proprietary Limited
I S Services Proprietary Limited
One Call Insurance Brokers Proprietary Limited
Telesure Group Services Proprietary Limited
Unity Financial Services Proprietary Limited
Upstream Advertising Proprietary Limited
Wealthport Nominees Proprietary Limited |
| e) Other related parties: | Douw Steyn Properties Proprietary Limited and its subsidiaries
Napier Gardens Proprietary Limited and its subsidiary
Saxon Hotel Proprietary Limited |
| f) Directors and prescribed officers: | TJ Creamer
LA Hillman
E Maree
DH Pead
A Weibach
CM van der Merwe |

INDEPENDENT INVESTING
POWERED BY
WEALTHPORT

8 ANNEXURE B – OWNERSHIP INTEREST OF WEALTHPORT

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.

Name of 3rd party in which Wealthport (Pty) Ltd holds an ownership interest:

a) Wholly owns Wealthport Nominees (Pty) Ltd

9 ANNEXURE C – OWNERSHIP IN WEALTHPORT

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 hold an ownership interest in the provider.

Name of 3rd party that holds an ownership interest in Wealthport:

a) Rockport Capital (Pty) Ltd

Nature and extent of ownership interest:

a) Wholly owns Wealthport (Pty) Ltd

Wealthport Details:

Physical Address: 2nd Floor, Lacey Oak House, 35 Ballyclare Drive, Bryanston, 2021

Telephone: 010 593 3103

Website: www.wealthport.co.za

Email: admin@wealthport.co.za

Moonstone Compliance:

Physical Address: 25 Quantum Street, Technopark, Stellenbosch, 7600

Telephone: 021 883 8000

Website: www.moonstonecompliance.co.za