

## **Seed Investment Consultants**

### **Conflict of Interests Policy**

Seed Investment Consultants, places a high priority on its clients' interests. As conflicts of interest affecting clients could undermine the integrity and professionalism of our business, any instances must be identified as early as possible. If conflict situations cannot be avoided, they must be managed equitably and in the client's interest. Detecting potential or recognised conflicts of interest that could compromise the interest of its clients and managing and limiting the impact of conflicts of interest therefore constitute an integral part of Seed Investment Consultants' duties and obligations.

#### **I. Conflict of interest:**

What do we mean by this?

A conflict of interest is a situation in which the interests of Seed Investment Consultants or of its associates, in the exercise of its activities, and the interests of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests. This notion concerns Seed Investment Consultants in its capacity as a management company, all individuals working for Seed Investment Consultants (employees, associates, service providers, etc.), and the Seed Investment Consultants businesses (major shareholders, companies controlled by the Group, etc.). A conflict of interest may occur in the provision of an investment service (management under mandate, fund management and advisory services). A conflict of interest may be recognised (actually identified) or potential (conceivable).

The notion of conflict of interest encompasses a range of very diverse factors such as:

- Rules regarding personal transactions,
- Professional ethics of employees,
- The use of sensitive or privileged information, insider dealing, and professional secrecy,
- Respect for clients' interests,
- Respect for professional obligations in relation to the market and specific to Seed Investment Consultants.

#### **II. Conflicts of interest:**

What is a conflict of interest situation? Conflict of interest situations that could prejudice a client may take a variety of forms, whether or not Seed Investment Consultants suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. At least five types of situations are defined by Seed Investment Consultants to help determine whether a potential conflict of interest situation might occur:

- Seed Investment Consultants, a department or an employee will realise a financial gain or avoid a potential loss at the client's expense;

- The interest of Seed Investment Consultants, a department or an employee may be different from the client's interest;
- Seed Investment Consultants or an employee exercises the same professional activity as the client;
- Seed Investment Consultants, a department or an employee is induced to favour one client over another (whether for financial reasons or otherwise),
- Seed Investment Consultants, a department or an employee will gain an advantage (financial or in kind) from a third party in the execution of the service conducted on behalf of the client.

### **III. Conflicts of interest:**

Prevention, detection and management

Seed Investment Consultants has identified specific potential conflicts of interest in relation to its activities. These may be encountered by Seed Investment Consultants or its associates when they deliver their services to clients. For each situation, Seed Investment Consultants has analysed whether the risk is actual or potential for one or more of its clients. To handle potential or actual conflict of interest situations, Seed Investment Consultants may:

- Conduct the transaction while, given the conflict of interest generated by it, implementing procedures that enable appropriate management of the situation in order to avoid damaging the interests of the client in question;
- Avoid conducting the transaction that would potentially generate a conflict of interest;
- Inform the client in the event that certain conflicts of interest cannot be properly handled and communicate the necessary information about the type and origin of the conflict of interest to the client, so that the client can make a fully informed decision regarding the proposed transaction.

Seed Investment Consultants has established a management policy for conflicts of interest enabling it to prevent potential conflicts of interest, mitigate and manage actual conflicts of interest and communicate them effectively to clients. This policy is based on a system of prevention, detection, management, communication and recording conflicts of interest.

Training: Seed Investment Consultants informs its associates and makes them aware of the undertakings and restrictions concerning their actions with regard to the conflict of interest management policy in place at the management company. Awareness training is provided to staff.

Detection: Seed Investment Consultants has drawn up a list of recognised and potential conflicts of interest, by recording conflicts of interest and identifying the types of situations generating the conflicts and the associated risks.

Procedure if a conflict of interest arises...

**Annexure A**, sets out Seed Investment Consultants management procedure on identified conflicts

Ian de Lange of Seed Investment Consultants, is responsible for the operation and condition of the conflicts of interest register. If a new potential or actual conflict of interest should arise, management of Seed Investment Consultants will decide whether the transaction will actually generate a conflict of interest and if so, if it will be accepted or declined, and managed in the client's interest. If a conflict of interest cannot be properly managed, the necessary information on the type and origin of the conflict of interest will be communicated to the client, to enable the client to make a fully informed decision. All the documents and supporting evidence will be archived by Seed Investment Consultants.

In general, all measures and complementary procedures will be taken to ensure the required level of independence.

Management: Seed Investment Consultants manages potential and actual conflict of interest situations based on the following:

- Ethical principles. Predominant among these rules are the principles of client sovereignty, equity, impartiality, respect for professional secrecy, market integrity and compliance with laws and regulations.
- A control system to ensure monitoring of the conflicts of interest and corrective measures taken. In this respect, Seed Investment Consultants has procedures detailing the concrete measures to manage potential or recognised conflicts of interest in the interest of clients.
- Prohibition or control of multiple activities exercised by associates.

**Annexure A:**

**1. CONFLICTS OF INTEREST FRAMEWORK-CONTROLS & PROCEDURES**

IDENTIFY CONFLICT OF INTEREST



ESCALATED TO APPOINTED COMPLIANCE CHAMPION/COMPLIANCE FOR ASSESSMENT \*2



LOGGED IN CONTROL SHEET (MASTER CONFLICTS REGISTER) \*1



ASSESS CONFLICT FOR MATERIALITY (FINANCIAL INTEREST) - (BY SENIOR MANAGEMENT/COMPLIANCE \*3



DECISION MADE AS TO MATERIALITY



PROCEED



AVOID



DISCLOSURE REQUIRED

LOG REASON FOR AVOIDING CONFLICT IN REGISTER



LOG REASON FOR ACCEPTANCE IN THE MASTER CONFLICTS REGISTER



MONITOR FOR COMPLIANCE (on-going)

## Guide

- \*1. Log the date and contents of the COI (real, existing or potential).
- \*2. can be communicated via email but must be in writing to the "conflicts officer". All correspondence relating to conflict to be placed in a company conflicts file.
- \*3. Conflicts officer to liaise with the compliance function to evaluate the conflict and to decide which mechanism to be used to manage conflict (control, avoid or disclose).

If the conflict can be resolved immediately, take the necessary action and advise compliance thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register.

## NOTES TO PROCEDURES

1. Assign a member of staff with primary responsibility for identifying, recording and managing conflicts of interest. (For Seed Investment Consultants this is Ian de Lange, known as the Conflicts Officer).

2. The "Conflicts Officer" will advise all relevant staff of:

- The definition of 'conflict of interest';
- The main features; and
- Examples or possible conflicts of interest that may emerge

3. At the same time the Conflicts Officer will co-ordinate a questionnaire (annual) of directors and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts). Directors, managers and internal legal and compliance officers should attempt to identify conflicts across the business, while other staff will focus on their individual circumstances.

Even when individuals completing the questionnaire are confident that objective financial advice will be provided, in spite of a potential conflict, they should report the conflict: clients and regulators may not easily be persuaded that advice was objective.

4. The "conflicts Officer" together with compliance will assess the seriousness (with compliance) of identified possible conflicts, and will determine (in consultation with senior management) how the conflict should be managed. Typically this can involve:

5.1 If current disclosures constitute adequate management

5.2 What further disclosures would constitute adequate management?

5.3 Whether or not disclosure alone can adequately manage the conflict. Where it cannot, all stakeholders can decide how the conflict should be avoided, or whether the conflict should be referred for prompt board consideration.

6. The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict.

7. The Compliance officer can prepare a report on the management of conflicts of interest, for the Board to consider at intervals appropriate to the business.

8. Conflicts of interest will become a standing agenda item for Board meetings.

9. Procedures can be drafted and adopted by the Board to form part of the compliance documentation, addressing the above steps and responsibilities...

10. The COI procedures and their efficacy in operation will be reviewed by senior management of the FSP in conjunction with compliance.