

Conflict of Interest Management Policy of

Seed Investment Consultants (Pty) Ltd

FSP 2346

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1. Introduction

- 1.1. This document embodies the Conflict of Interest Management Policy for Seed Investment Consultants (Pty) Ltd (“Seed Investment Consultants”). Seed Investment Consultants places a high priority on its clients’ interests. As conflicts of interest (“COI”) 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.
- 1.2. The primary objectives of this Policy are –
 - 1.2.1. To provide guidance on the behaviours expected in accordance with Seed Investment Consultants standards;
 - 1.2.2. To promote transparency and to avoid business-related COI;
 - 1.2.3. To ensure fairness in the interests of employees and Seed Investment Consultants;
 - 1.2.4. To document the process for the identification, mitigation, disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
 - 1.2.5. To provide a mechanism for the objective review of personal outside interests.
- 1.3. Seed Investment Consultants is committed to ensuring that all business is conducted in accordance with good business practice. To this end Seed Investment Consultants conducts business in an ethical and equitable manner, and in a way that safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (COI). Seed Investment Consultants and its representatives must therefore avoid (or mitigate where avoidance is not possible) any COI between Seed Investment Consultants and a client or its representatives and a client.

2. Definitions

2.1 "Associate" -

(a) In relation to a natural person, means -

- (i) a person who is recognised 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 recognised in law or appointed by a court as the person legally responsible for managing the affairs, 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 subparagraphs (a) to (d) above;
- (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 company 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, 69 of 1984 ("the Close Corporations Act"), means any member thereof as defined in section 1 of the Close Corporations Act;
- (iii) which is not a company or a close corporation, 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, 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 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, in the case where such juristic person is not a company, the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this sub-paragraph;
- (ii) includes any trust controlled or administered by that person.

2.2 **“Client”** means a ‘client’ as defined in terms of the FAIS Act, and includes a specific person or group of persons, excluding the general public, who is or may become the subject to whom a Financial Service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service.

2.3 **“Conflict of interest”** (“COI”) means any situation in which Seed Investment Consultants or its representatives has an actual or potential interest that may, in rendering a financial service to a client (a) influence the objective performance of his, her or its obligations to that client; or (b) prevent Seed Investment Consultants or its representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to –

2.3.1 a financial interest;

2.3.2 an ownership interest;

2.3.3 any relationship with a third party

2.4 **“Financial Interest”** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives or valuable considerations, other than (a) an ownership interest; training, that is not exclusively available to a selected group of Financial Services Providers or Representatives relating to: i) general financial or industry information; ii) products or legal matters related to those products; and iii) specialised technological systems of a third party which is necessary for the provision of Financial Service, but excluding travel and accommodation associated with that training; (c) a qualifying enterprise development contribution to a qualifying beneficiary entity by the financial service provider that is a measured entity.

2.5 **“Immaterial Financial Interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 (one thousand rand) in any calendar year from the same third party in that calendar year received by (a) a provider who is a sole proprietor; or (b) a representative for that representative’s direct benefit; (c) a provider, who for it’s benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

2.6 **“Ownership Interest”** means (a) 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 (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

2.7 **“Third party”** means (a) a product supplier, (b) another financial service provider, (c) an associate or 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 paragraph (a) to (d) above provides a financial interest to a provider or its representative.

3. Financial Interest

3.1. Seed Investment Consultants or its representatives may only receive or offer financial interest from or to a third party as determined by the Commissioner of the Financial Sector Conduct Authority (“the Commissioner”) from time to time, as follows:

3.1.1 Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;

3.1.2 Commission authorised under the Medical Schemes Act;

3.1.3 Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;

3.1.4 Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (1.1), (1.2) or (1.3) is not paid, if those fees –

3.1.4.1 are specifically agreed to by a client in writing; and

3.1.4.2 may be stopped at the discretion of that client.

3.1.5 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;

3.1.6 Subject to any other law, an immaterial financial interest; and

3.1.7 A financial interest, not referred to under sub-paragraph (1.1) to (1.6), 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.

- 3.2. Any financial interest, which is not considered an immaterial financial interest as defined, offered by a party other than a third party as defined and received by Seed Investment Consultants or a representative of Seed Investment Consultants is required to be recorded within 10 days of that receipt with the Compliance Team for recording in the Gift Register and subject to the approval of Management.
- 3.3. Any immaterial financial interest as defined, received by Seed Investment Consultants or a representative of Seed Investment Consultants is required to be recorded within 10 days of that receipt with the Compliance Team for recording in the Gift Register and subject to the approval of Management.
- 3.4. Seed Investment Consultants may not offer any financial interest to its representatives for –
 - 3.4.1. giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients;
 - 3.4.2. giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 3.4.3. giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

4. Potential COI that Could Affect Seed Investment Consultants

The following are potential COI that could affect Seed Investment Consultants -

Directorships or other employment; Interests in business enterprises or professional practices; Share ownership; Beneficial interests in trusts; Personal Account Trading; Professional associations or relationships with other organizations; Personal associations with other groups or organizations, or family relationships; Front running; Rebates; Kickbacks; and Commission.

5. Mechanisms for Identifying COI (Including both potential and perceived)

- 5.1. Seed Investment Consultants has drawn up a list of recognised and potential conflicts of interest as set out above which all parties can refer to as a guide in identifying potential conflicts of interests.
- 5.2. All employees and representatives are required to disclose all Personal Trading transactions as per our Personal Account trading policy.

- 5.3. All representatives of Seed Investment Consultants are required to make declarations on an annual basis regarding financial interests, ownership interests and third party relationships which are assessed with a view to identify actual or potential conflicts of interest.
- 5.4. Any immaterial financial interest or financial interests which are not considered to be immaterial, received by an employee or representative of Seed Investment Consultants from third parties are recorded in the Seed Investment Consultants' Gift Register and subject to approval by Management.
- 5.5. Any financial interests which are not considered to be immaterial, received a representative of Seed Investment Consultants from persons other than third parties are recorded in the Seed Investment Consultants' Gift Register and subject to approval by Management.
- 5.6. Conflicts of Interest is a standing agenda item for Board Meetings whereby any new potential or actual conflicts of interest are disclosed.
- 5.7. The organogram in Annexure A indicates relationships that Seed Investment Consultants have that could give rise to a Conflict of Interest which includes any associates, third parties in which Seed Investment Consultants hold an ownership interest and third parties that hold an ownership interests in Seed Investment Consultants.

6. Measures to Manage COI

- 6.1. Should a potential or actual COI arise, in consultation with the External Compliance Officer and Senior Management, the conflict will be evaluated and a decision will be made as to the most appropriate method to manage the conflict.
- 6.2. To manage potential or actual conflict of interest situations, Seed Investment Consultants may:
 - 6.2.1. 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;
 - 6.2.2. Avoid conducting the transaction that would potentially generate a conflict of interest;
 - 6.2.3. Inform the client in the event that certain conflicts of interest cannot be properly mitigated 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.

7. Disclosure of COI

- 7.1. At the earliest reasonable opportunity, Seed Investment Consultants, and its representatives must, in writing, disclose to a client any COI in respect of that client including –

- 7.1.1. Measures taken to avoid or mitigate the conflict;
 - 7.1.2. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - 7.1.3. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
- 7.2. At the earliest reasonable opportunity, Seed Investment Consultants and its representatives must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
 - 7.3. All Conflicts of Interests identified by the business, as being potential or actual are disclosed in the Conflict of Interest Register.

8. Internal Controls to Facilitate Compliance with the Policy

- 8.1. Every employee and representative are required to have read this Policy as made available by Seed Investment Consultants.
- 8.2. Seed Investment Consultants will provide internal training as part of the take on procedure of new employees and refresher updates as necessary.
- 8.3. In accordance with an employee's and representative's obligation to act in the best interest of Seed Investment Consultants, it is not permissible for employees or representatives to engage in conduct that would amount to a COI which have not been approved by the Compliance Team if unavoidable.
- 8.4. The COI procedures and their efficacy in operation in addition to the policy will be reviewed by Senior Management and the External Compliance Officer on an Ad Hoc basis.
- 8.5. The key individuals and executive management of Seed Investments binds itself to create a culture of compliance within the institution and are responsible for ensuring compliance with this policy by all employees and representatives.

9. Consequences of Non-compliance with the Policy

Non-compliance with this policy and the procedures described in it may amount to misconduct and employees may be subject to internal disciplinary action that may lead to dismissal.

Annexure A – Seed Investments Associates and Ownership Interests

