

## **FPM GROUP HOLDINGS**

### **Conflict of Interest Management Policy**

A policy is a formal statement of intent that is uniform across the FPM Group of Companies. Policies are implemented as high-level building foundations and reflects FPM's objectives. The policies are created with the intent to be in place for several years and regularly reviewed with approved changes made as needed. This document was compiled taking relevant statutory requirements into consideration.

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<b>Policy owner</b>	FPM Group of Companies ('FPM')
<b>FPM business units</b>	FPM Group Holdings (Pty) Ltd, Jameson Asset Management (Pty) Ltd (46763), FPM Employee Benefits (Pty) Ltd (46611), FPM Fiduciary (Pty) Ltd, FPM Risk & Wealth Management (Pty) Ltd (46610), FPM Short Term Insurance Brokers (Pty) Ltd (8961) Industrial & Domestic Risk Services (Pty) Ltd (10872)

FPM Group Holdings (Pty) Ltd and all its subsidiaries (hereafter called "FPM")

#### **Amendments to this policy**

1. FPM reserves the right to determine how this policy applies and to any particular situation and to amend or modify this policy as it, in its discretion, deems appropriate.
2. This, FPM can do without giving prior notice to our having been in consultation or reaching agreement with any provider and/or its Representatives.
3. All amendments that FPM may make to this policy shall be communicated to employees.

#### **Purpose of the policy**

1. This policy seeks to adopt measures to avoid, identify the existence of and disclose the existence of any conflict of interest.

#### **Guideline**

1. This policy is by no means an exhaustive analysis addressing every situation that may arise.

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2. The policy provides a guideline as to what constitutes a conflict of interest, the process and procedures that are in place in order to facilitate compliance and the consequences of non-compliance.
3. This policy is intended to assist employees in making the right decisions when confronted with potential issues.

### **Leadership**

1. FPM's board of directors oversee the business of FPM, including the compliance with all applicable legislation and this policy.

### **Introduction**

1. This policy is drafted in terms of section 3a(2)(a) of the FAIS general code of conduct 'GCOC' for financial services providers 'FSP' and Representatives and the financial services board 'FSB' notice, number 58 of 2010, which amended the GCOC by introducing amended provision relating to conflict of interest.
2. FPM is privately owned and ownership information can be requested from the Compliance Administrator at [sue@fpm.co.za](mailto:sue@fpm.co.za)
3. As authorised FSPs, FPM's subsidiaries are obliged to comply with the prescribed conflict of interest provision of the FAIS act.
4. All employees of FPM, who are involved in the business of FPM, are obliged to conduct themselves in a professional manner and in line with this policy.

### **To whom does this policy apply**

- All directors
- Managers
- Employees
- Representatives
- Associates
- Brokers, and
- Consultants to FPM

Are required to comply with this policy

### **Definition of conflict of interest**

1. Any situation in which an FSP, or Representative of that FSP, has an actual/potential interest that may, in rendering a financial service to our client:



- Influence the objective performance of their or its obligations to that client.
  - Prevent an FSP, or its Representatives, from rendering an unbiased and fair financial service to a client.
  - From acting in the interest of our client, including but not limited to:
    - i. A financial interest
    - ii. An ownership interest
    - iii. Any relationship with a third party
2. The guiding principles of this policy are that FPM and its Representatives must, when rendering intermediary services, act honestly, fairly, with due care, skill and diligence.
  3. There must, at all times, be due regard to the interest of clients and the integrity of FPM as well as that of the financial service industry as a whole.

#### **What is a financial interest**

1. It can take any of the following forms:
  - Cash payment
  - Cash equivalent
  - Voucher
  - Gift
  - Service
  - Advantage
  - Benefit
  - Discount
  - Domestic/foreign travel
  - Hospitality
  - Accommodation
  - Sponsorship
  - Other incentive/valuable considerations
2. This list is not exhaustive and there are exceptions such as:
  - An ownership interest;
  - Training that is not exclusively available to a selected group of providers or Representatives, in respect of product or legal matters relating to those products, general financial and industry information, specialised technological systems of a third party that are necessary for the rendering of a financial service but excluding travel and accommodation associated with travel.

#### **What is allowed under conflict of interest management**

1. An FSP or its Representatives may only receive or offer the following:
  - Commission, fees under the long-term and short-term insurance acts as well as the medical schemes act, provided that the fees and commissions are specifically agreed to by a client, in writing, and which may be stopped at the discretion of the client.



- Subject to any other law, any immaterial financial interest, fees or remuneration for rendering of a service to third party such as a product supplier, another provider, or an associate of these, or a distribution channel such as an arrangement, between product supplier or any of its associates and one or more providers and any of its associates, which fees or remuneration are reasonable commensurate to the service being rendered.
- A financial interest paid by the provider or Representative at the time of receipt.

2. In term of FSB notice 58 of 2010, an '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 same third party in that calendar year received by:
  - i. A provider who is a sole provider.
  - ii. A Representative for that Representative's direct benefit.
  - iii. A provider, who for its benefit or that some or all of its Representatives, aggregates the immaterial financial interest paid to its Representatives.

#### **What is not allowed under conflict of interest management**

1. Subject to what has been said above, a provider may not offer any financial interest to a Representative of that provider for:
  - Giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to client.
  - Giving preference to a specific product supplier, where a Representative may recommend more than one product supplier to a client.
  - Giving preference to a specific product or product supplier, where a Representative may recommend more than one product of the product supplier to a client.
2. The above aims to ensure that clients are fully protected from undue and uncompetitive behaviour by product suppliers and/or their Representatives.
3. The ultimate objective is to ensure that clients, at all times, receive the best possible advice and/or intermediary service.
4. The provider shall, at all times, ensure that it adheres to the provision of section 3(a)(1)(b) as described above.

#### **Process, procedures and controls aimed at facilitating compliance**

1. The Operations Manager is responsible for the training of all employees, within all subsidiaries of FPM, on the Conflict of Interest Management Policy.
2. They will be supported, where necessary, by FPM Group Holdings.



3. The relevant legislation provision will be highlighted during training and pamphlets/educational material will be used to highlight the awareness and importance of the compliance with this policy.
4. If any employee of FPM is in any doubt as to whether a particular conduct amounts to a conflict of interest or not, that employee will contact the Operations Manager / Compliance Administrator for clarity and guidance.

#### **Measures aimed at mitigating conflict of interest**

1. If an employee realises that there is a potential or actual conflict of interest, the employee must, timeously and fully disclose any such potential and actual existence of a conflict of interest to FPM by reporting it to the Compliance Administrator.
2. This will enable FPM to decide whether or not to engage with the transgressor in question.
3. Employees who are faced with what is clearly a conflict of interest situation, must desist from continuing with any participation in such situation/activities.
4. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this policy, the employee must approach the Operations Manager / Compliance Administrator who will evaluate the intended transaction and give guidance.

#### **Publication and reporting**

1. This policy is available on FPM's website and Internal Intranet (SharePoint) systems.
2. In addition, FPM's annual compliance monitoring reports will report on the accessibility, implementation, monitoring and compliance of this policy.

#### **Management of conflict of interest**

1. This policy forms part of the risk management framework of FPM.
2. FPM Group Holdings is responsible for the identification and management of any existence of conflict of interest.
3. All queries regarding this policy can be directed to the Operations Manager / Compliance Administrator at [sally@fpm.co.za](mailto:sally@fpm.co.za) / [sue@fpm.co.za](mailto:sue@fpm.co.za).

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