

## CONFLICT OF INTEREST POLICY

Policy Area	GRC	FAIS - COI
Approved Date		
Approved By	The Governing Authority	
Responsible Manager	COI Champion	
Effective Date	20/09/2023	
Version	2	

This policy provides for identifying, managing, avoiding, and disclosing potential conflicts of interest and the process for obtaining a Conflict-of-Interest review.

### SCOPE

This policy covers all individuals working at all levels and grades, including managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual staff, and volunteers (collectively referred to as staff or employees).

### REVIEW OF THIS POLICY

The policy will be reviewed annually to ensure that it meets legal requirements and reflects best practice.

### PURPOSE/SUMMARY

No illegal or unethical conduct is in our best interests, and we will not compromise our principles for short-term advantage. All staff members are therefore expected to adhere to high standards of personal and professional integrity.

Conflicts of interest arise when someone has an affiliation or interest that will or may compromise, or have the appearance of compromising, their impartiality, incentive and/or ability to fulfil their duties, to clients.

### DEFINITIONS

Conflict of interest: This applies when we render a financial service to our customers and where we (provider or representative) have an actual or potential interest that may:

- a) influence the objective performance of obligations to our client
- b) prevents us from rendering an unbiased and fair financial service to our client
- c) prevents us from acting in the interests of our client

This includes, but is not limited to:

- a) a financial interest (Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, and includes travel and accommodation in respect of training);



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Securitas Financial Group (Pty) Ltd

b) an ownership interest (any ownership interest which was bought for fair value, and any dividend, profit share or similar benefit derived from this).

c) any relationship with a third party - A third party is:

- A Product supplier or its associate;
- Another financial services provider or its associate;
- A Distribution channel;
- Any person who provides a financial interest to a provider/ representative as result of an agreement with a product supplier or its associate;
- Any person who provides a financial interest to a provider/ representative as result of an agreement with another FSP or its associate.

## **POLICY**

A conflict of interest may exist when a member/ officer/ director or employee is involved in an activity or has a personal interest that might interfere with his or her objectivity in performing business duties and responsibilities.

Such conflicts may appear as favouritism or otherwise damage the reputation of Securitas Financial Group (Pty) Ltd. or its employees.

An actual conflict of interest does not need to be present to constitute a violation of this procedure. Activities that create the appearance of a conflict of interest must also be avoided to ensure that the reputation of Securitas Financial Group (Pty) Ltd. and its employees are not harmed.

Personal interests of employees must not influence or appear to influence business transactions. This procedure provides the requirements for managing, avoiding and disclosing potential conflicts of interest and the process for obtaining a conflict-of-interest review.

The purpose of this document is to provide our clients with appropriate information in relation to the policies we have in place to manage conflicts of interest. Below you will find a summary of the principal conflicts that exist in our business and the steps we take to manage them.

Our List of associates and third parties in which we hold an interest includes: (shareholding/ directorships etc.)

<b>Securitas Director</b>	<b>Entity</b>	<b>Relationship</b>	<b>Shareholding</b>
SJH Wasserman	Subota Investments Pty Ltd	Director	50%
SJH Wasserman	Rutherford Wealth	Director	90%
SJH Wasserman	Jackie Steele	Director	90%
SJH Wasserman	4Growth Capital Investment Pty Ltd	Director	
SJH Wasserman Trustee	Fanie Wasserman Family Trust	Trustee	
SJH Wasserman	Securitas Central Pty Ltd	Director	
SJH Wasserman	Securitas Financial Group Pty Ltd	Director	

SJH Wasserman	Securitas Health Consultants Pty Ltd	Director	
SJH Wasserman	Securitas Advisors Pty Ltd	Director	
SJH Wasserman	Securitas Fiduciary Services Pty Ltd	Director	
SJH Wasserman	Securitas Investment Solutions Pty Ltd	Director	
SJH Wasserman	Securitas Kaapstad Pty Ltd	Director	
SJH Wasserman	Securitas Health Pty Ltd	Director	
SJH Wasserman	Securitas Southern Cape Pty Ltd	Director	
SJH Wasserman	Fincubed Pty Ltd	Director	
SJH Wasserman	Cobalt Development Pty Ltd	Director	
DD Mosehla	Securitas Financial Group Pty Ltd	Director	
DD Mosehla	Securitas Health Consultants Pty Ltd	Director	
DD Mosehla	Fincubed Pty Ltd	Director	11%
P Smuts	Securitas Health Consultants Pty Ltd	Director	
P Smuts	Fincubed	Director	16.5%
P Smuts	Securitas Financial Group (Pty) Ltd	Director	
P Smuts Trustee	Vatziza Trust	Trustee	
JP Steyn JSP Trustee	JPS Trust	Trustee	
JP Steyn	Securitas Financial Group Pty Ltd	Director	
JP Steyn	Securitas Investment Solutions Pty Ltd	Director	
JP Steyn	Securitas Advisors Pty Ltd	Director	

Mr. SJH Wasserman is linked to Amity Wealth Pty Ltd via Subota Investments Pty Ltd. Subota Investments Pty Ltd have a 33.4% share in Amity Wealth Pty Ltd.

Securitas Financial Group Pty Ltd is a related party to 4D Wealth Management and earns additional distribution fees apart from the FSP's client advisory fees. This distribution fee is disclosed in the Fund Fact Sheet and is not charged as a separate fee but built into the unit price. The distribution fee will not have an additional influence on the total expense ratio as is quoted on the fund fact sheet. Securitas Financial Group Pty Ltd has it owns unit trust category registered at BCI (Boutique Collective Investments) Our distribution fee is paid by BCI.

#### **Medical Products:**

Our representative is compensated by way of regulated commission, which for medical aid is calculated at a minimum of 3% of the total contribution, up to the maximum of R85 (Excluding VAT). Commission is included in the premium / contribution and is paid to the FSP / representative by the service provider.

#### **Gap cover:**

Gap cover is a Short-Term Insurance product, not a medical aid. Premiums below R300 per month are capped at 20% commission, over R300 at 15% commission. The maximum administration fee for service is set at R35.

**Funeral Cover:**

Funeral Cover is an insurance product sold under Category 1.1, a maximum cover of R30 000.00 applicable. Commission may be earned to a maximum of 15% plus an administration fee for outsourced services.

**Long Term Insurance:**

Our representative is compensated by way of regulated commission, which for Long Term Insurance products will be indicated on the quote where commissions are disclosed.

**Short Term Insurance:**

Our representative / FSP is compensated by way of regulated commission, which for Short Term Insurance is calculated at a minimum of 12.5% of the total contribution up to the maximum of 20% (Excluding VAT). Commission is included in the premium/contribution and is paid to the FSP / representative by the service provider plus a maximum administration fee of 6% for outsourced services. A Policy / advice fee may be charged and this will be disclosed to each client on the quotation.

**Investments:**

Our representative's compensation will form part of each individual client's Service Level Agreement (SLA).

Where any additional fees are charged, this must be agreed to in writing before any financial services are provided to you.

**Referral Remuneration:**

We have a structure of employing business introducers, who are remunerated as a percentage of the advisory fee.

The receipt or payment of referral commission or fees may be deemed an actual or potential conflict of interest. This practice is common and economically viable, and is permitted, subject to the following:

- A written agreement must be concluded between the parties which dictates the terms and conditions of the agreement. Fee arrangements and disclosure requirements must be included as a part of the contract that is written and signed by both parties.
- Confirmation must be provided in writing, that the referred matter does not present a conflict of interest.
- We must disclose to clients and prospective clients, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services. This disclosure must be in clear language and stipulate the parties, the amount, and the reason for the consideration.
- All referral fee arrangements must be approved in writing, before implementation, and we must ensure that no client is treated unfairly or prejudiced in any way.

Details will be disclosed on a case-by-case basis with each client prior to any business relationship.

## **REPRESENTATIVE INCENTIVES AND REMUNERATION**

We try to ensure employees remain motivated, while ensuring that remuneration structures do not encourage inappropriate behaviour or result in actual or potential prejudice to clients. We recognise this conflict and through our monitoring mechanisms remain alert to potential abuse.

Where financial services are provided in terms of FAIS, regulated commissions and fees are received. Where we charge fees, these must be reasonable, agreed to by the client and commensurate with the services we provide, considering the nature of the service and the resources, skills and competencies reasonably required for performance.

Our clients must agree to the amount, frequency and payment method of our fees and the details of the services which are to be provided before any service is provided. These fees can be stopped at any point at the discretion of the client. This will be confirmed on the record of advice.

Fee payments will not result in our being paid twice for the same service.

Any incentive or bonus scheme for representatives must be approved in writing before approval. Incentives and production bonuses must consider both quantity and quality aspects, including the fair treatment of clients, and may not be limited to a specific product supplier and specific product where there is a choice. We do not offer any financial interest to our representatives for:

- In respect of the quantity of business secured without also giving due regard to the delivery of fair outcomes for clients and quality of the service rendered
- Giving preference to specific product supplier where a representative may recommend more than one product supplier to client or
- Giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

## **PERSONAL INTERESTS**

Personal interests of staff can constitute a conflict of interest. Personal interests include working relationships or financial interests with immediate family members or relatives. This may appear as favouritism or otherwise damage our reputation. In such instance, the matter will be reviewed, and appropriate action taken.

## **IDENTIFYING CONFLICTS OF INTEREST**

To adequately manage conflicts of interest, Securitas Financial Group (Pty) Ltd. must identify all relevant conflicts timeously. In managing conflicts of interest, our procedure is to:

- identify the conflicts of interest;
- assess and evaluate those conflicts; and
- decide upon, and implement, an appropriate response to those conflicts.

The following is a list of possible management strategies to manage the potential or actual conflict of interest:

1. Avoid the conflict of interest;
2. Mitigate the impact;
3. Where this is not possible, full disclosure of the Conflict of interest.

#### **MATERIAL CONFLICTS:**

Employees must avoid representing Securitas Financial Group (Pty) Ltd. in any transaction with others with whom there is any outside business affiliation or relationship. Employees must avoid using their business contacts to advance their private business or personal interests at the expense of Securitas Financial Group (Pty) Ltd., its clients or affiliates.

Employees of Securitas Financial Group (Pty) Ltd. must never permit their personal interests to conflict, or appear to conflict, with the interests of Securitas Financial Group (Pty) Ltd., its clients or affiliates.

This may include but is not exclusive to:

- Real or perceived financial gain resulting from recommendations to our clients at a cost to the client.
- An outcome in service delivery or a transaction that may differ from the real interest of the client.
- Any non-cash incentives that may be received by Securitas Financial Group (Pty) Ltd. from affecting any transaction and / or product.
- Effecting a transaction and / or product that may result in a benefit to another party other than the client.

#### **LESSER CONFLICTS**

When any staff member of Securitas Financial Group (Pty) Ltd. suspects a potential conflict of interest, that person must discuss the matter with his/her immediate superior. The content of the discussion as well as any decision made must be recorded on the appropriate form. The superior and staff member will accept joint responsibility for the decision taken unless the decision is put forward for ratification to a more senior person. In assessing whether a conflict is material or of a lesser nature, regard must be had to the impact that such a conflict will have on our reputation, financial loss and internal erosion of ethical standards.

#### **DISCLOSURE AND RECORDKEEPING**

It is this business' policy to avoid all possible conflicts of interest, but if this is not possible, then full disclosure of this conflict must be made in writing to our clients. Part of managing conflicts of interest is making appropriate disclosures.

Our clients will be adequately informed about any conflicts of interest that might affect the provision of financial services to them. This means providing clear, concise and effective disclosure so that clients can make an informed decision about how the conflict might affect the relevant service.

Where a conflict is identified and a decision made, the nature of the decision must be communicated to the third party in writing as soon as possible. This applies regardless of whether the decision was made to stop doing business or continue with Securitas Financial Group (Pty) Ltd., despite the existence of the conflict.

Written records of how conflicts of interest are managed, together with all reports referred to, must be kept for a period of 5 years and be available for inspection by the compliance officer on request, (for example, records of disclosures made, and actions taken over any breaches of policies and procedures).

### **MANAGEMENT AND MITIGATION**

The directors of Securitas Financial Group (Pty) Ltd. will review all conflicts every quarter and make recommendations regarding steps to avoid a recurrence of those aspects.

### **GIFTS AND INDUCEMENTS**

Representatives are permitted to receive gifts, sporting tickets, vouchers or other items from a product provider, or other FSP, to the maximum value of R1 000 per calendar year. Any items or activities which have a value exceeding this must be returned or paid for by the representative.

#### Examples of Conflicts of Interest:

- Personal interests may include working relationships and/or financial interests with immediate family members or relatives;
- Activities include outside employment in areas similar to those in which our business is involved;
- Outside work for clients, suppliers, vendors, or competitors of the business;
- Operating as a supplier to the FSP;
- Activities that have the potential to affect the staff member's objectivity;
- Activities that could reflect negatively on the reputation of Securitas Financial Group (Pty) Ltd and its employees;
- Holding a financial interest in a business concern that is a supplier, client, partner, subcontractor, or competitor of our business constitutes a conflict of interest under certain conditions;
- Incentive remuneration for placing a quantity of business with only 1 supplier, or for only 1 product of a supplier where a choice is available;
- Participating in any activity that might lead to or give the appearance of unapproved disclosures of confidential information or client confidential information;
- Using an official position to obtain special privileges or advantages from individuals or businesses;

- An employee, officer or director may serve on external non-profit, governmental or for-profit governance boards, however if such service in any way could create an actual or perceived conflict of interest, the services must be disclosed, and approved by the governing authority;
- No person may receive or solicit outside employment, including paid service on a governance board, or compensation that would impair the independence of judgment of the individual in performing duties as an employee of Securitas Financial Group (Pty) Ltd.

Activities Requiring Full Disclosure:

We, or some other person connected with us may have an interest, relationship or arrangement that is material to the service, or transaction concerned. To manage such conflicts, we require our staff members to fully disclose, and disregard when dealing with our clients:

1. Financial interest in any supplier, client or competitor entity.
2. Acting as an employee, officer, director, consultant, representative, or agent for a supplier, client, partner, subcontractor, or competitor.
3. Engaging in any activity that could create the appearance of a conflict of interest, which may impair our reputation for impartiality and fair dealing.

**INSIDER TRADING**

Under current legislation officers, and employees in possession of material information not available to the public are “insiders.” Spouses, friends, suppliers, brokers, and others who may have acquired the information directly or indirectly are also “insiders.”

“Insiders” may not trade in, or recommend the sale or purchase of any securities, where the information they have regarding the securities is “material”. Where inside information is important enough to influence any person to buy or sell securities, the insider may not trade, sell or make any recommendations to anyone regarding this. The following rules apply:

- Material information in respect of the business may not be disclosed anyone except authorised persons, until it has been publicly released.
- No person may buy or sell securities when they have knowledge of material information concerning the business, until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees may not buy or sell shares based on inside information, where the share price may be affected by the information
- Information must be reported accurately and honestly, and as required
- Competitor intelligence may not be gathered illegally, and no person may act on illegally obtained information.
- Exaggerating or disparaging comparisons of the services and competence of competitors must be avoided.

Misuse of material inside information in connection with trading in securities can expose the organisation and the individual to legal liability and penalties.



## **INDEPENDENCE**

We may not describe our organisation or the financial services we render as "independent" if there is any direct or indirect:

- ownership interest, or
- arrangement or relationship (which may constitute a conflict of interest)

between our business and any product supplier whose products we utilise.

## **STAFF TRAINING AND GENERAL AWARENESS**

All Securitas Financial Group (Pty) Ltd. staff must be trained on this policy. A copy of the policy will be provided to each staff member at inception of that staff member's duties and updated versions must be circulated as and when they are updated.

Violation of this Code can result in disciplinary action being taken against the person, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.