



DEMETERER (PTY) LTD

CONFLICT OF INTEREST MANAGEMENT POLICY
4/2023

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Policy owner

DEMETERER (Pty) Ltd

Responsible department

Compliance

Approved by

Board of Directors

12/04/2023

1. Introduction:

This policy outlines a suitable, effective and sustainable approach to the identification and management of conflicts of interest ("COI").

Demeter (Pty) Ltd believes that maintaining the trust and confidence of clients is critical to success. Therefore, Demeter (Pty) Ltd has developed a Conflict of Interest Policy to guide employees in identifying and managing potential conflicts of interest to always ensure that the FSP acts in clients' best interests. This policy applies to all employees of the company and sets out the approach to identifying and managing conflicts of interest.

The policy aims to comply with the best practice and statutory requirements as per the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003 as amended by Board Notice 58 of 2010 ("BN 80 of 2003") as well as other applicable requirements as set out in the Financial Advisory and Intermediary Services Act, 37 of 2002 ("FAIS").

2. Purpose:

According to BN 80 of 2003, a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

This document embodies the Conflict of Interest Management Policy for DEMETERER (Pty) Ltd.

The purpose of this policy is:

- i. to provide guidance on the behaviours expected in accordance with DEMETERER (Pty) Ltd standards;
- ii. to promote transparency and to avoid or mitigate any business-related COI that may arise between DEMETERER (Pty) Ltd, its clients, vendors and/or employees respectively, and where avoidance is not possible, to establish measures to ensure that any unavoidable conflicts of interest are mitigated;;
- iii. to ensure fairness in the interests of employees and DEMETERER (Pty) Ltd;
- iv. to establish measures and to document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- v. to provide a mechanism for the objective review of personal outside interests.

DEMETERER (Pty) Ltd is committed to ensuring that all business is conducted in accordance with good business practice. To this end DEMETERER (Pty) Ltd 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"). DEMETERER (Pty) Ltd and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between DEMETERER (Pty) Ltd and a client or its representative and a client.

This policy is applicable to all employees of DEMETERER (PTY) Ltd and its subsidiaries, including but not limited to Key Individuals and Representatives, and all relationships with third parties.

3. Definitions:

For purposes of this policy, the following words and/or phrases are defined herein:

“Conflict of interest” means any situation in which DEMETERER (Pty) Ltd or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent DEMETERER (Pty) Ltd 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

- i. a financial interest;
- ii. an ownership interest;
- iii. any relationship with a third party (“third party”) means
 - a. a product supplier,
 - b. another 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) to (d) above provides a financial interest to DEMETERER (Pty) Ltd or its representatives.)

“Associate” means

- 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 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 other person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
 - iv. means any person in accordance with whose directions or instructions the board of directors of 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, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
 - ii. includes any trust controlled or administered by that person.

"distribution channel" means

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

“FAIS” means the Financial Advisory and Intermediary Services Act, 37 of 2002.

“Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –

- i. an ownership interest;
- ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

“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 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 its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

“Representative” means duly appointed representative and/or representative under supervision of DEMETERER (Pty) Ltd. Obligations set forth in this policy for representatives shall also reasonably apply to employees as permanent members of staff and contract and/or temporary staff, unless explicitly otherwise stated in this policy.

“Ownership interest” means

- a) any equity or proprietary interest, for which at fair value was paid by the owner at the time of acquisition, other than equity or an 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.

“Provider” means DEMETERER (Pty) Ltd.

“Third Party” means:

- A product supplier
- Another provider
- An associate of a product supplier or a provider
- A distribution channel
- Any person who in terms of an agreement or arrangement with a person above provides a financial interest to a provider or its representatives.

4. Procedures:

DEMETERER (Pty) Ltd or its representatives may only receive and/or offer financial interest from or to a third party as determined by the Commissioner of Financial Services Providers from time to time, and as set out in Annexure A hereto.

DEMETERER (Pty) Ltd may not offer any financial interest to its representatives:

- a) that is determined with reference to the quantity of business secured for DEMETERER (Pty) Ltd without also giving due regard to the delivery of fair outcomes for clients. DEMETERER (Pty) Ltd must be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the
 - i. achievement of minimum service level standards in respect of clients;
 - ii. delivery of fair outcomes for clients;
 - iii. quality of the representative's compliance with this Act;as agreed between the DEMETERER (Pty) Ltd and its representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the DEMETERER (Pty) Ltd over the fair treatment of clients;
- or
- b) For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- c) For giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

4.1 How to identify COI:

Actual or potential conflicts of interests are identified and avoided in various manners, as follows:

- a) DEMETERER (Pty) Ltd conducts annual reviews on all contracts held with 3rd parties and re-examines whether this relationship influences its objective, unbiased and fair performance towards its clients. These contracts are also reviewed to determine whether the relationship influences DEMETERER's ability to act in the interest of its clients.
- b) All employees are trained on understanding what conflict of interests are, making them aware of their obligation to identify specific circumstances that may give rise to conflict of interest, and they are trained on the contents of this Policy. As part of his training, employees are provided with the examples of potential conflicts of interest which are described elsewhere in this policy.
- c) All employees, Key Individuals and Representatives must continuously assess their own situation and disclose in writing to DEMETERER (Pty) Ltd on an on-going basis, any actual or potential conflicts of interest that they may become aware of.
- d) Declarations are made by all Key Individuals and Representatives confirming that no conflicts, actual or potential have arisen for the reporting period.
- e) Management must assess the remuneration models of employees and those within the distribution channel, to ensure that the remuneration models do not create actual or potential COI. If a conflict is identified, steps must be taken to amend the affected remuneration model, and the conflict must be reported to the Compliance Officer.
- f) A list of all third parties in which DEMETERER holds an ownership interest and a list of all third parties that holds an ownership interest in DEMETERER is part of this policy. The lists are reviewed on an annual basis.
- g) DEMETERER (Pty) Ltd maintains a Gift Register that is attached as an annexure hereto. All gifts received from a third party with an estimated value of R500 or more will be recorded in the Gift Register.

In order to identify whether DEMETERER (Pty) Ltd has a conflict of interest, a Representative should ask the following questions:

1. Do I have my client's best interest at heart, or am I acting in my own best interest?
2. Do I have DEMETERER's best interest at heart, or am I acting in my own best interest?

3. Is there any situation that exists that influences the objective performance of my obligations to client?
4. Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to the client?
5. Am I acting professionally?
6. Am I acting independently?
7. Am I acting objectively?
8. Are my interests aligned with that of DEMETERER (Pty) Ltd?

4.2 Resolving COI or potential COI:

Key individuals and representatives of DEMETERER (Pty) Ltd are expected to avoid all COI or potential COI. Where not possible, mitigate and disclose.

Any queries by a Representative or employee of DEMETERER (Pty) Ltd in regard to potential, actual or apparent conflicts of interest must be referred to the Key Individual and Directors who are the persons responsible for the identification and management of conflicts of interest. The Key Individual and Directors can consult the Compliance Officer to help manage or resolve the potential, actual or apparent conflict of interest. Any decision by the aforesaid designations shall be final and binding.

4.3 Potential COI that could affect DEMETERER (Pty) Ltd

The following are potential COI that could affect DEMETERER (Pty) Ltd:

1. Directorships or other employment;
2. Interests in business enterprises or professional practices;
3. Share ownership;
4. Beneficial interests in trusts;
5. Personal account trading;
6. Professional associations or relationships with other organizations;
7. Personal associations with other groups or organizations, or family relationships;
8. Front running;
9. Rebates;
10. Kickbacks; and
11. Commission

Examples of potential COI scenarios include, but are not limited to the following:

1. Using influence to secure a contract for a service provider in which the FSP holds an interest;
2. Soliciting financial interest to influence or unfairly advance the interests of a third party;
3. Accepting benefits from service providers or contractors;
4. Setting up business in direct competition with DEMETERER (Pty) Ltd or having outside business interests that compete or provide similar services to DEMETERER (Pty) Ltd;
5. Exercising the same professional activity as a client; and
6. Giving preference to the quantity of business which the FSP undertakes rather than the quality thereof.

4.4. Insider trading:

The term "insider trading" describes circumstances where an individual, who has price sensitive information, deals in a related security or financial instrument before the information is made available to the rest of the market.

Insider trading creates conflicts of interest.

The individual is abusing their knowledge and so placing themselves in a better position than the rest of the market, which conflicts with the concept of market fairness. An employee that commits insider trading is additionally placing themselves in a better position than DEMETERER (Pty) Ltd and/or its clients, so creating a conflict of interests between themselves and DEMETERER (Pty) Ltd and/or its clients.

4.4 Measures to avoid COI:

Once an actual or potential COI has been identified, the following measures will be followed in order to determine whether the conflict of interest is avoidable:

1. Key Individual can determine whether the actual or potential COI is avoidable (should there be any ambiguity, the Key Individual can consult with the Directors and Compliance Officer) considering :
 - a) The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients;
 - b) The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry;
 - c) The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on DEMETERER's business.
2. If the COI is determined to be avoidable, the following processes will be applied:
 - a) The underlying cause or situation that results in the actual or potential conflict of interest will be removed as soon as reasonably possible (extirpation of association where possible) while keeping any immediate negative impact or prejudice towards clients pending the removal of COI to a minimum;
 - b) The reasons why the actual or potential conflict of interest was determined to be avoidable will be recorded;
 - c) Similar situations that give rise to actual or potential conflicts of interests must be avoided in the future.
3. If the COI is determined to be unavoidable, the following processes of mitigation will be applied:
 - a) Key Individuals (in consultation with the Compliance Officer, where necessary) will determine the measures that will be implemented in order to mitigate the actual or potential conflict of interest as far as reasonably possible.
 - b) The reasons why the actual or potential conflict of interest was considered to be unavoidable will be recorded and reported in DEMETERER's annual compliance report to be submitted to the Financial Service Board.
 - c) The actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the inevitability of the actual or potential conflict of interest;
 - d) All Representatives will be notified of any actual or potential conflicts of interest as well as the reasons for its unavailability

4.5 Disclosure of COI:

At the earliest reasonable opportunity, DEMETERER (Pty) Ltd and its Representative must, in writing, disclose to a client any COI or potential COI in respect of that client including –

- a) Reasons why the COI cannot be avoided in the circumstances;
- b) Measures taken to avoid or mitigate the conflict;
- c) Any ownership interest or financial interest that DEMETERER (Pty) Ltd or Representative may be or become eligible for;
- d) 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.

The client shall be asked to confirm in writing that DEMETERER (Pty) Ltd may proceed or continue to act in the particular matter, as the case may be.

At the earliest reasonable opportunity, DEMETERER (Pty) Ltd and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.

Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or Key individual.

In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with DEMETERER (Pty) Ltd.

Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

5 Housekeeping of this document:

- i. Ownership and ultimate responsibility:
 - a) This document is owned and maintained by DEMETERER (Pty) Ltd. The ultimate responsibility for this document, the contents thereof and compliance remains with the Key individuals of DEMETERER (Pty) Ltd who is responsible for creating an ethical environment.
- ii. Updates, review and approval:
 - a) DEMETERER (Pty) Ltd COI policy shall be reviewed on an annual basis and updated if necessary. This policy is approved by the Board of Directors.
- iii. Adoption and implementation:
 - a) Every staff member must have a copy of the Conflicts of Interest Management Policy. If a potential COI arises, the transaction must first be discussed with Key Individuals (in consultation with the Compliance Officer, where necessary) before entering the transaction.
 - b) Key Individuals shall be responsible for ensuring that all employees of the business are adequately exposed to the concept of Conflicts of Interest and shall provide appropriate training to employees and shall be responsible for ensuring the adherence of employees to the policy.
- iv. Non-compliance with this document:
 - a) Non-compliance with this policy and the procedures described in it may be misconduct and employees may be subject to disciplinary action that may lead to dismissal.

6 List of all DEMETERER (Pty) Ltd associates:

N/A

7 Names of any third parties in which DEMETERER (Pty) Ltd hold an ownership interest:

- a) Neither DEMETERER (Pty) Ltd nor any Representative has any actual or potential equity or proprietary interest of any kind in any Third Party that may, in rendering a financial service to a client, influence the objective performance of his, her or its obligations to that client or that may prevent DEMETERER (Pty) Ltd or any Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.
- b) Neither DEMETERER (Pty) Ltd nor any Representative receives any actual or potential dividend, profit share or similar benefit derived from any equity or ownership interest of any Third Party that may, in rendering a financial service to a client, influence the objective performance of his, her or its

obligations to that client or that may prevent DEMETERER (Pty) Ltd or any Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

8 Names of any third parties that holds an ownership interest in DEMETERER (Pty) Ltd:

- a) No Third Party has any actual or potential equity or proprietary interest of any kind in the business of DEMETERER (Pty) Ltd that may, in rendering a financial service to a client, influence the objective performance of his, her or its obligations to that client or that may prevent DEMETERER (Pty) Ltd or any Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client
- b) No Third Party receives any actual or potential dividend, profit share or similar benefit to DEMETERER (Pty) Ltd that is derived from any equity or ownership interest that may, in rendering a financial service to a client, influence the objective performance of his, her or its obligations to that client or that may prevent DEMETERER (Pty) Ltd or any Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

9 List nature and extent of ownership insert referred to in point 7 and 8.

N/A

10 Conclusion:

All representatives of DEMETERER (Pty) Ltd including Key Individuals and management are required to be dedicated to upholding the highest level of integrity and ethical conduct in all of their activities and relationships with all stakeholders.

Annexure A- Accepted financial interest as amended

The Commissioner of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if
 - aa.** the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and
 - ab.** Those fees may be stopped at the discretion of that client.
- v. fees or remuneration for the rendering of a service to a third party;
- vi. subject to any other law, an immaterial financial interest; and
- vii. a financial interest, not referred to under subparagraph (i) to (vi), 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.

Annexure B – Gift register

Name of Key Individual / Representative	Date on which gift was received	Source of gift	Type of gift	Value of gift