

CONFLICT OF INTEREST MANAGEMENT POLICY

Balondolozzi Investment Services (Pty) Ltd

1. INTRODUCTION

- 1.1 This document embodies Balondolozzi's Conflict of Interest Management Policy.
- 1.2 "Conflict of Interest" ("COI") means any situation in which Balondolozzi or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of the representative, or Balondolozzi's obligations to that client; or prevent Balondolozzi 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 –
 - 1.2.1 a financial interest;
 - 1.2.2 an ownership interest;
 - 1.2.3 any relationship with a third party ("third party" means (a) product supplier, (b) another 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))
- 1.3 The primary objectives of this policy are –
 - 1.3.1 To provide guidance on the behaviours expected in accordance with Balondolozzi standards;
 - 1.3.2 To promote transparency and to avoid business-related COI;
 - 1.3.3 To ensure fairness in the interests of employees and Balondolozzi;
 - 1.3.4 To document the process for the identification, mitigation, disclosure, approval and review of activities that may amount to actual, potential or perceived COI; and
 - 1.3.5 To provide a mechanism for the objective review of personal outside interests.
- 1.4 Balondolozzi is committed to ensuring that all business is conducted in accordance with good business practice. To this end, Balondolozzi conducts business in an ethical and equitable manner, and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflict of interest (COI). Balondolozzi and its representatives therefore, avoid (or mitigate where avoidance is not possible) any COI between Balondolozzi and a client or its representatives and a client.

2. FINANCIAL INTEREST

- 2.1 Balondolozzi and its representatives 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, and as set out in Annexure A hereto.
- 2.2 "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 –
 - 2.2.1 an ownership interest
 - 2.2.2 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; specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
- 2.3 Any financial interest received by an employee of Balondolozzi is within 10 days of receipt recorded in the gift register.
- 2.4 Balondolozzi does not offer any financial interest to its representatives –
 - 2.4.1 This is determined with reference to the quantity of business secured for Balondolozzi without also giving due regard to the delivery of fair outcomes for clients; or
 - 2.4.2 For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 2.4.3 For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.
- 2.5 For purposes of paragraph 2.4, Balondolozzi demonstrates that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the –
 - 2.5.1 Achievement of minimum service level standards in respect of clients;
 - 2.5.2 Quality of the representative's compliance with this Act;As agreed between Balondolozzi and the 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 Balondolozzi over the fair treatment of clients.

3. MECHANISMS FOR IDENTIFYING COI

Where an employee believes that his involvement in any negotiation, decision or transaction may constitute a conflict of interest, the employee concerned should immediately notify his superior thereof.

4. RESOLVING COI

Where an employee has notified his superior of his involvement in a negotiation, decision or transaction that may constitute a conflict of interest, the manager concerned immediately withdraws such employee from further involvement in such negotiations, decision making process or transaction and refers the matter to the Compliance Officer. The Compliance Officer then reviews the matter and makes a decision, in consultation with the Managing Director, on the employee's further involvement in the matter.

5. POTENTIAL COI THAT COULD AFFECT BALONDOLZI

5.1 The following are potential COI that could affect Balondolzi –

- 5.1.1 Directorships or other employment;
- 5.1.2 Interests in business enterprises or professional practices;
- 5.1.3 Share ownership;
- 5.1.4 Beneficial interests in trusts;
- 5.1.5 Personal account trading;
- 5.1.6 Professional associations or relationships with other organisations;
- 5.1.7 Personal associations with other groups or organisations, or family relationships;
- 5.1.8 Front running;
- 5.1.9 Rebates;
- 5.1.10 Kickbacks; and
- 5.1.11 Commission

6. MEASURES TO AVOID COI

6.1 This policy is not an exhaustive analysis that addresses every COI situation that may arise; but is intended to assist employees in making the right decisions when confronted with potential conflict of interest.

Balondolzi has a number of policies and processes in place in order to avoid COI:

- 6.1.1 Employees are required to provide a declaration and disclosure of their personal account trades and holdings on a quarterly basis.
- 6.1.2 Employees are required to inform the Compliance Officer of any gifts received from a client, supplier or business associate where the estimated reasonable value of such gift exceeds the amount of R1000.00. Balondolzi keeps a gift register in which the name of the donor, recipient, date of receipt, value and the nature of the gift is recorded.

6.2 Employees are discouraged from the following:

- 6.2.1 Working with a business outside Balondolzi responsibilities that is in competition with any Balondolzi business.
- 6.2.2 Having a direct or indirect financial interest in or a financial relationship with a Balondolzi competitor, distributor, supplier or customer of Balondolzi.
- 6.2.3 Having a second job or consulting relationship that affects your ability to satisfactorily perform your Balondolzi assignments.
- 6.2.4 Using non-public Balondolzi information for your personal gain or advantage or for the gain or advantage of another, including the purchase or sale of securities in a business Balondolzi is acquiring, selling or otherwise establishing or terminating business relations with.
- 6.2.5 Investing in an outside business opportunity in which Balondolzi has an interest, except for having an insignificant stock interest in publicly held companies.
- 6.2.6 Receiving personal discounts or other benefits from suppliers, service providers or customers that are not available to all Balondolzi employees.
- 6.2.7 Receiving personal honoraria for services you perform that are closely related to your work at Balondolzi. Your supervisor should approve occasional honoraria, such as for a university presentation or symposium.

7. DISCLOSURE OF COI

- 7.1 At the earliest reasonable opportunity, Balondolozzi discloses 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 Balondolozzi may be or become eligible for; and
 - 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, Balondolozzi and its representative inform the client, in writing, of the Conflict of Interest Management Policy and how it may be accessed.
- 7.3 Notification of an actual or potential COI is made to the person with responsibility for the issue or area in question, such as the relevant manager, supervisor, or key individual.
- 7.4 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 Balondolozzi.
- 7.5 Employees 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.

8. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY

- 8.1 Every employee has a copy of the Conflict of Interest Management Policy.
- 8.2 If a potential COI arises, the transaction is first discussed with management before entering the transaction.

9. LIST OF ALL BALONDOLOZI ASSOCIATES

N/A.

10. NAMES OF ANY THIRD PARTIES IN WHICH BALONDOLOZI HOLDS AN OWNERSHIP INTEREST AND THE EXTENT THEREOF

N/A.

11. NAMES OF ANY THIRD PARTIES THAT HOLD AN OWNERSHIP IN BALONDOLOZI AND THE EXTENT THEREOF

- 11.1 The Pedro Samuel Family Trust – 51%
- 11.2 Balondolozzi Employee Trust Fund – 49%

12. 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.

13. REVIEW OF THE POLICY

The Board of Directors will review this policy annually, at the beginning of each financial year.

ANNEXURE A – FINANCIAL INTEREST

1. Balondolozzi or its representatives may only receive or offer the financial interests referred to herein if –
 - 1.1 Those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service being rendered and the resources, skills and competencies reasonably required to perform it;
 - 1.2 The payment of those financial interests does not result in the provider or representative being remunerated more than once for the performance of a similar service;
 - 1.3 Any actual or potential COIs between the interests of the client and the interests of the person receiving the financial interests are effectively mitigated; and
 - 1.4 The payment of those financial interests does not impede the delivery of fair outcomes to the client.
2. Balondolozzi or its representatives may only receive or offer financial interest from or to a third party as follows:
 - 2.1 Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
 - 2.2 Commission authorised under the Medical Schemes Act;
 - 2.3 Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act;
 - 2.4 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
 - 2.4.1 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 representative in exchange for the fees are specifically agreed to by a client in writing; and
 - 2.4.2 those fees may be stopped at the discretion of that client.
 - 2.5 Fees or remuneration for the rendering of a service to a third party.
 - 2.6 Subject to any other law, an immaterial financial interest; and
 - 2.7 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.
 - 2.8 For purposes of this document –
 - 2.8.1 “immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000.00 in any calendar year from the same third party in that calendar year received by –
 - 2.8.1.1 a provider who is a sole proprietor; or
 - 2.8.1.2 a representative for that representative’s direct benefit; or
 - 2.8.1.3 a provider who is for its benefit or that of some or all its representatives, aggregates the immaterial financial interest paid to its representatives.