

Conflicts of Interest management policy for Ultima Financial Planners (Pty) Ltd

1. Legislative requirements: FAIS General Code of Conduct

Definitions:

Section 1 of the Code contains the following definitions:

A “**conflict of interest**” means any situation in which a FSP or a representative has an actual or potential interest that may, in rendering a financial service to a client, influence the objective exercise of his, her or its obligations to a client; or may prevent a FSP or representative from rendering an unbiased and fair financial service, or from acting in the interests of a client, including, but not limited to a financial interest, an ownership interest, or any relationship with a third party.

A “**financial interest**” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration, other than an ownership interest. Training that is not exclusively available to a select group of FSPs or representatives, on products and legal matters pertaining to those products, general financial and industry information, and specialised IT systems of a third party necessary to render a financial service (excluding travel and accommodation to attend the training), is not regarded as a financial interest.

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 the same third party in that calendar year, received by a FSP who is a sole proprietor, a representative for that representative's direct benefit, or a FSP who for its benefit or that of some or all of its representatives aggregates the immaterial financial interest paid to its representatives.

An “**ownership interest**” means any equity or ownership interest for which fair value was paid by the owner at the time of acquisition, and includes any dividend or profit share derived from that equity or ownership.

A “**third party**” means a product supplier, another FSP, an associate of a product supplier or FSP, a distribution channel, or any other person who has an agreement to provide a financial interest to a FSP or its representatives.

An “**associate**” in relation to a **natural** person, means his or her spouse (includes life partner or civil union partner); a child (includes stepchild, adopted child and a child born out of wedlock); a parent or stepparent; a guardian or curator; the spouse of a child, parent, guardian or curator; and a person who is in a commercial partnership with that natural person.

An “**associate**” in relation to a **juristic** person 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; or which is a close corporation, means any member thereof; or which is any person in accordance with whose directions the board of directors or governing body is accustomed to act.

An “**associate**” in relation to **any** person means any juristic person from which direction is taken by the board of directors or governing body; and includes any trust controlled or administered by that person.

Avoidance of conflict and disclosure requirements:

Section 3 (b) of the Code provides that a FSP and a representative must avoid, and where this is not possible, mitigate, any conflict of interest between a FSP and a client or the representative and a client.

Section 3 (c) provides that a FSP or a representative must in writing, at the earliest reasonable opportunity, disclose to a client any conflict of interest in respect of that client, including:

- ~ the measures taken in accordance with the FSP’s conflict of interest policy to avoid or mitigate the conflict;
- ~ any ownership interest or financial interest, other than an immaterial financial interest, that the FSP or representative may be or become eligible for; and
- ~ the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest.

The FSP or representative must also inform the client in writing, at the earliest reasonable opportunity, that it has a conflicts of interest policy and how the client can access it.

Receipt and offer of financial interests:

Section 3A (1) of the Code provides that:

The FSP or its representatives may only receive or offer the following financial interests from or to a third party:

- ~ commission authorised under the Long-term Insurance Act and Collective Investment Scheme Act or fees authorised under these acts if those fees are reasonably commensurate to a service being rendered;
- ~ fees for the rendering of a financial service in respect of which fees or commission are not paid in terms of the bullet point above, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of that client;
- ~ 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;
- ~ subject to any other law, an immaterial financial interest; and
- ~ a financial interest, not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interests, is paid by that FSP or representative at the time of receipt thereof.

A FSP may not offer any financial interest to its representative for:

- ~ giving preference to the quantity of business secured for the FSP to the exclusion of the quality of service rendered to clients; or
- ~ giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- ~ giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

Conflicts of interest management policy:

Section 3A (2) provides that all FSPs must adopt, maintain and implement a conflict of interest policy that complies with the FAIS legislation.

Section 3A (3) provides that a FSP or representative may not avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance through an arrangement involving an associate.

In terms of s3A (4), the FSP's compliance officer (or the FSP if the FSP need not have a compliance officer) must report to the FSCA (previously FSB), annually in the prescribed format, regarding the FSP's conflict of interest policy.

2. Our Conflicts of Interest Management Policy.

Principles:

Our policy is based on the following principles:

- ~ It is our legal and moral obligation to act in the best interest of our clients.
- ~ We aim to conduct our business in a way that it ensures fairness in the way we deal with clients.
- ~ We aim to promote transparency in our business and avoid conflicts of interest.

It is not permissible for us to engage in conduct, whether by acting or failing to act, which would amount to a conflict of interest with that of the client.

Conflict of Interest Management Approach (Summary)

Ultima manages conflicts of interest through a structured, ongoing process consisting of the following three steps:

1. Identification

Potential, actual or perceived conflicts of interest are identified on an ongoing basis through review of relationships with third parties, remuneration structures, associate relationships, gifts and financial interests, client complaints, and representative activities.

2. Assessment

Once identified, conflicts are assessed to determine:

- ~ whether the conflict is actual, potential or perceived;
- ~ whether it is material; and
- ~ the extent to which it may impact objectivity, independence, advice quality or fair client outcomes.

3. Management and Mitigation

Conflicts are managed through appropriate measures, which may include:

- ~ avoidance of the conflict where possible;
- ~ mitigation through controls, restructuring or enhanced oversight;
- ~ clear disclosure to affected clients; or
- ~ termination of relationships or arrangements where conflicts cannot be adequately mitigated.

This summary should be read together with the detailed conflict management measures set out below.

Management of Conflicts:

We will identify conflicts through:

- ~ Review of relationships with third parties (such as product suppliers and other FSPs with whom we have contracts).
- ~ Review in the event of any change with regard to associates (such as family, inter-company transactions within the group and other bodies from which we may take direction).
- ~ Review of remuneration models of the FSP and representatives.
- ~ Monitoring the activities of employees and representatives.
- ~ Maintaining and monitoring the gift register.
- ~ Review of any complaints received by clients or other persons.
- ~ Prompt investigation of any suspicious activity or transaction.

We will avoid conflicts through:

- ~ Adequate formulation and implementation of a policy to manage conflicts.
- ~ Effective and consistent application of the policy.
- ~ Provision of sufficient training and awareness to employees and representatives.
- ~ Implementation of effective controls and processes to ensure compliance with the policy.
- ~ Where a conflict cannot be avoided, taking the necessary steps, depending on the circumstances, to mitigate any conflicts. Such steps may include the termination of any relationships, the restructuring of business activity or strategy, and offering redress where financial prejudice may have occurred.

Ultima will make disclosure of conflicts of interest by:

- ~ Informing the affected client(s) clearly, fairly and in plain language in writing of the nature and extent of the conflict.
- ~ .Disclosing the conflict before or at the time the financial service is rendered, or as soon as reasonably possible
- ~ Explaining the steps taken to avoid or mitigate the conflict; and
- ~ Keeping proper records of such disclosures.

Internal processes, procedures and controls will be implemented to ensure compliance:

- ~ Adoption and maintenance of a conflicts of interest policy.
- ~ Staff training and awareness.
- ~ Regular monitoring and review by key individual(s).
- ~ Disciplinary steps to be taken for non-compliance.

Non-compliance will be dealt with:

- ~ Employees and representatives who do not comply with this policy shall be dealt with in terms of our disciplinary processes and may lead to termination of employment.

Governance, Accountability and Escalation

Ultimate responsibility for the effective implementation of this policy rests with the governing body of Ultima.

- ~ Significant or material conflicts of interest must be escalated to the Key Individual and, where appropriate, to the governing body.
- ~ The governing body is responsible for:
 - o oversight of conflict trends,
 - o approving material changes to this policy, and
 - o ensuring adequate controls are in place to manage conduct risk arising from conflicts of interest.
- ~ Conflicts that cannot be appropriately managed at operational level must be referred for senior management or governing body decision-making.

Financial interests offered to representatives:

Representatives will receive the following financial interests:

- ~ Fixed salary and/or share of commission and/or share of client fees payable by the FSP in terms of the employment contract or mandate.

No financial interests will be offered to representatives based on giving preference to the quantity of business to the exclusion of the quality of service rendered to clients; or giving preference to a specific product supplier or specific supplier where the representative may recommend more than one product or product supplier.

List of Associates:

The following institutions are associated with the FSP:

- ~ Financial Sector Conduct Authority (Financial Services Board) (regulatory body)

Ownership Interests and Third Parties:

The FSP holds an ownership interest in the following third parties:

- ~ None

The following third parties hold an ownership interest in the FSP:

- ~ None

Training and Awareness:

- ~ All employees, representatives, and where appropriate associates will be able to see the policy on our company website. A copy will also be posted on the Shared Company Workspace.
- ~ All employees, representatives, and where appropriate associates, will be trained on the policy and the internal processes to ensure compliance with the policy. Refresher training will be conducted when there is a material change to the policy.

Monitoring of Policy and Annual Review:

- ~ The key individual(s) will continuously monitor compliance with the policy
- ~ The key individual(s) must review the policy on an annual basis to ensure that it is in accordance with current legislation, is appropriate and is up to date in terms of internal processes and business structure.
- ~ Any changes to the policy must be adopted by the board of directors or governing body.

Accessibility of the policy:

- ~ The policy shall be published in electronic form, which can be reduced to a paper copy, and shall be made available to all staff, clients, regulatory authorities or members of the public on request, and within a reasonable time.
- ~ Clients shall be advised in standard disclosure documentation that a copy of the policy is available on request.

Compliance reporting on the policy:

The compliance officer will report to the FSCA (previously FSB), as prescribed, in respect of the implementation, monitoring, accessibility and compliance with the policy. If the compliance officer identifies any non-compliance or development areas, we undertake to take immediate remedial action to address non-compliance or risks in our business.

Adoption of the Policy:



Hendri de Klerk
Key Individual / CEO