

# CONFLICT OF INTEREST MANAGEMENT POLICY (‘THE POLICY’)

Policy Control	
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Old Mutual Investment Group Board Approval	11 April 2011
Effective Date of Implementation	11 April 2011
Policy Owner	Head: Compliance

# OLD MUTUAL CUSTOMISED SOLUTIONS (PTY) LTD

## CONFLICT OF INTEREST MANAGEMENT POLICY

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### 1. INTRODUCTION

Old Mutual Customised Solutions (Pty) Ltd is an authorised financial services provider ("FSP") in terms of the Financial Advisory and Intermediary Services Act ("FAIS") and as such has a responsibility to conduct itself with integrity, fairness and dignity and act in an ethical manner in all its dealings with the public, customers and other industry participants.

Accordingly, Old Mutual Customised Solutions must avoid conflicts of interests in dealings with customers and where it is unable to do so, must mitigate the conflict and disclose the conflict to customers.

### 2. WHY WE NEED A POLICY

With this Policy we seek to ensure that our customers are given the highest standard of service that is, as far as possible, free from bias. The General Code of Conduct to FAIS ("the Code") requires every FSP to adopt, implement and maintain a conflict of interest management policy.

### 3. PURPOSE OF THIS POLICY

The purpose of the Policy is to set out the parameters for managing any conflicts of interest that may arise in the rendering of financial services to customers.

### 4. APPLICATION OF THE POLICY

This Policy applies to all permanent and temporary employees, directors, officers, agents and independent contractors ("Employees") of Old Mutual Customised Solutions.

### 5. POLICY STATEMENT

It is Old Mutual Customised Solutions' policy that Employees and others acting on our behalf must, as far as it is possible, be free from conflicts of interest when dealing with customers. Compliance with this Policy will ensure that where potential Conflicts of Interest arise, they are either avoided or managed appropriately to minimise the risk of detriment to customers and in order that Old Mutual Customised Solutions fulfils its responsibilities in terms of FAIS.

### 6. WHAT ARE CONFLICTS OF INTEREST?

A conflict of interest arises when an actual or potential interest may influence you to not act fairly, independently and objectively towards your customer ("**Conflict of Interest**" or "**Conflict**").

The Code generally defines a "conflict of interest" as a situation in which we, Old Mutual Customised Solutions, or our representatives have an actual or potential interest that may influence the objective performance of our obligations to a customer, or prevent us or our representatives from rendering an unbiased and fair financial service to any customer.

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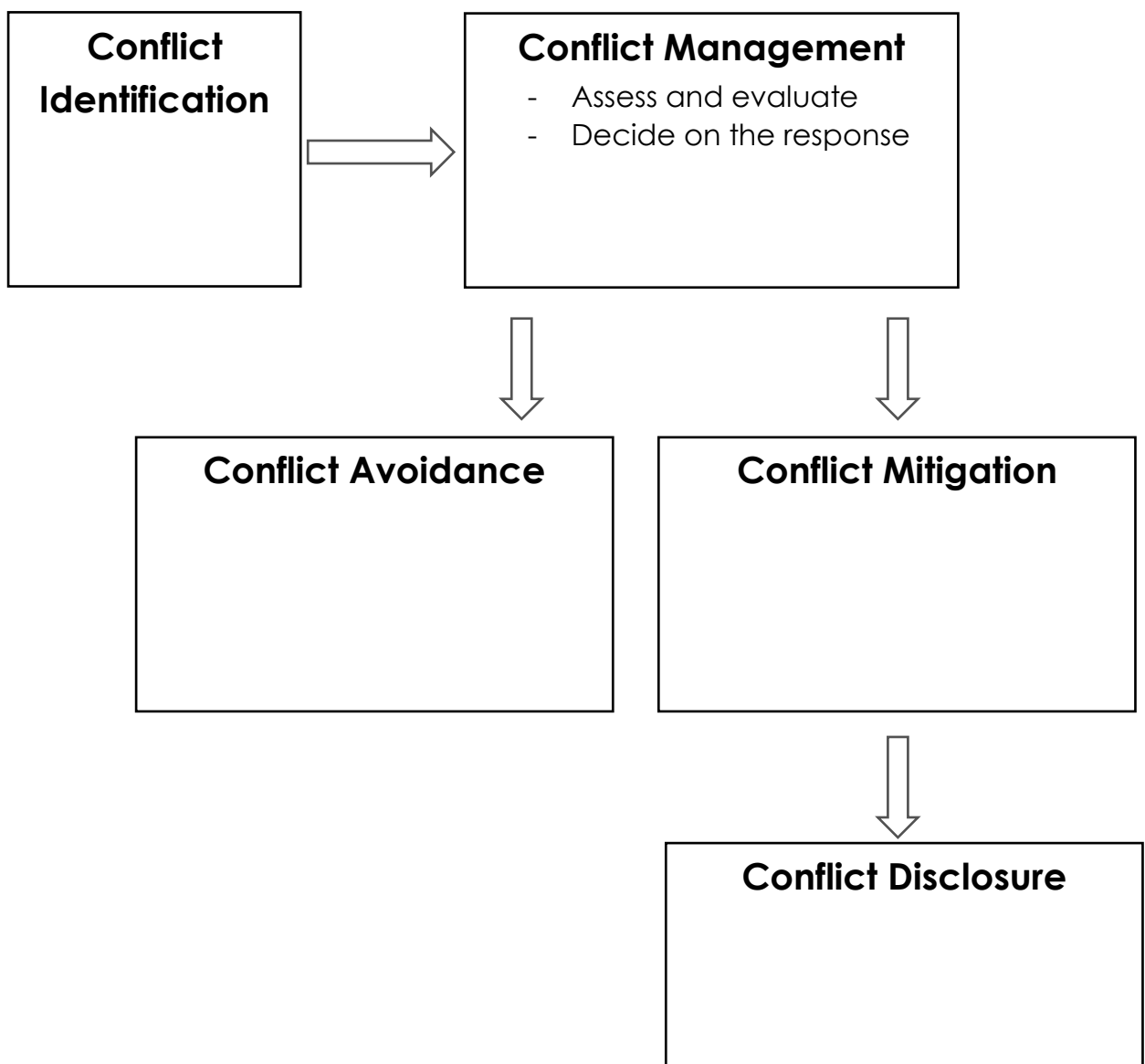
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An interest includes a financial interest, which could be cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration.

It is not possible to describe all the situations that could constitute a Conflict of Interest. Generally the pertinent question is whether the interest you have is of such a nature that it might affect the objectivity or the judgment of the FSP or Representative, when dealing with a client.

### 7. CONFLICT OF INTEREST MANAGEMENT PROCESS

The following diagram illustrates Old Mutual Customised Solutions' Conflicts of Interest Management Process, which each Employee must follow:



Each step of this Conflict of Interest Management Process is explained further in the sections below.

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### 8. STEP 1 – HOW TO IDENTIFY A CONFLICT

Each Employee of Old Mutual Customised Solutions, particularly managers, portfolio managers and sales personnel, should be aware of the potential for a Conflict of Interest to arise in any activity, process or relationship that they may be involved in. Each Employee should ask the following questions:

- Are my interests and those of Old Mutual Customised Solutions aligned with the customer's needs?
- Am I acting independently, objectively and professionally towards the customer?
- Am I acting in the customer's interests or mainly in my own interest or Old Mutual Customised Solutions' interests?

If an actual or potential Conflict of Interest is suspected, it should be reported to the Compliance Officer.

The Compliance Officer will record every reported Conflict of Interest in a Conflict of Interest register.

### 9. STEP 2 – MANAGING IDENTIFIED CONFLICTS

Once a Conflict of Interest has been identified, it needs to be appropriately and adequately managed.

In conjunction with the Compliance Officer, Management must evaluate the nature of the Conflict and the possible actions that may be taken in respect thereof.

The evaluation must include:

- a. whether it is possible to avoid the conflict (see 9.1 below). If it is possible to avoid, what action has been taken to do so; or
- b. reasons why the conflict cannot be avoided, and
- c. what can and has been done to manage the conflict (see 9.2 below), and
- d. how the mitigating measures will lessen the effects of the conflict on the customer; and
- e. when and how we will disclose the conflict to customers if we are unable to avoid it.

A record of this evaluation must be made in the Conflict of Interest register by the Compliance Officer, which must be annually signed by Senior Management.

#### 9.1 Avoiding conflicts

Conflicts of Interest should be avoided where this is possible.

#### 9.2 Managing Conflicts

Where avoidance of a Conflict of Interest is not possible, such conflict must be managed. Management, in conjunction with Compliance must develop –

- mitigation measures to reduce any potential effect on the customer; and
- an appropriate disclosure to inform the customer of the Conflict and what measures have been implemented to reduce the likelihood of such impact or effect on the customer.

Such control measures and reporting requirements must be implemented as soon as practically possible once a Conflict of Interest has been identified and must be recorded in the Conflict of Interest register.

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Examples of measures that can be used to manage Conflicts are:

- implementing guidelines, policies and procedures to manage the Conflict;
- increasing disclosure to customers and obtaining informed consent from them;
- analysing customer complaints; and
- establishing an anonymous reporting facility for employees to report suspected Conflicts of Interest.

FAIS also stipulates certain requirements in respect of specific activities that are dealt with in further detail the sections below.

### 9.2.1 Rules<sup>1</sup> on Financial Interest

To minimise the possibility that a financial interest may influence the performance of our obligations to our customers, OMIG has set out rules in respect of the giving and receipt of gifts with which Old Mutual Customised Solutions and our Employees must abide. The rules have been set to prevent influencing or being influenced in a business transaction by gifts or benefits. These rules apply to all Employees of Old Mutual Customised Solutions. The underlying principle of these rules is that no Employee may accept or provide any gift or benefit from or to a “third party” being -

- (a) a product supplier (companies, collective investment scheme companies, insurers);
- (b) another FSP (banks, asset managers, consultants, brokers) and its’ representatives;
- (c) an associate of a product supplier or an FSP;
- (d) a service provider; or
- (e) a distribution channel.

You may, however, receive or spend up to a R100 (with an annual limit of R1000 per third party) a time on incidental benefits incurred during normal business interactions, such as report backs, meetings, etc. There are specific exclusions in the legislation regarding training events, which are set out in the Immaterial Financial Interest Rules.

Should you have any queries, please consult the Compliance Officer.

### 9.2.2 Incentivisation

FAIS requires Old Mutual Customised Solutions to give information on how its Employees qualify for a **financial interest** from its Employer.

All employees of Old Mutual Customised Solutions are remunerated with salaries and standard short-term and long-term incentives.

## 9.3 Disclosing Conflicts

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<sup>1</sup> The Immaterial Financial Interest Rules are set out in the Gift Policy and may be obtained by employees on the Intranet or from OMIGSA Compliance.

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The last step in the process of managing conflicts is to disclose to a customer any Conflict of Interest that could not be avoided. Old Mutual Customised Solutions is obligated in terms of FAIS, to disclose:

- the measures taken in accordance with this Policy to manage the Conflict;
- any “ownership interest” (i.e. ownership of Old Mutual Customised Solutions and entities it owns) or “financial interest”, Old Mutual Customised Solutions or its’ Employees may become eligible for; and
- the exact nature of any relationship or arrangement with a third party that gives rise to a Conflict of Interest.

Disclosures made to customers must be made at the earliest opportunity after a Conflict is identified so that the customer may have a reasonable opportunity to assess its effects.

In conjunction with Compliance, a process must be developed by Management to deliver to the customer such disclosures, in writing, at the earliest opportunity in any interactions with the customer via any applicable channel.

Please consult the Head: Compliance with respect to any customer disclosures.

## 10. OBLIGATIONS

### 10.1 Employee Compliance Obligations

Each Employee must comply with this Policy.

It is the duty of each Employee to be aware of potential Conflicts (as described in section 6) that may arise in the course of business, and to identify and report them to Compliance.

Each Employee is responsible for reporting actual and potential Conflicts.

Failure to report an actual or potential Conflict (regardless of its origin) will be considered a breach of this Policy.

If there is any uncertainty as to whether or not a relationship, service or other matter presents a Conflict of Interest, the Employee must consult the Compliance Officer.

### 10.2 Management Compliance Obligations

Collective responsibility for compliance with this Policy rests with Management. Furthermore, Management is responsible for communicating this Policy to all employees, for implementation thereof, for ensuring that it is observed and that appropriate remedial or disciplinary action is taken if breaches are identified.

In addition to their general employee obligations under this Policy, Management is responsible for identifying and managing their area’s Conflicts of Interest and for ensuring application of this Policy to all their activities.

Management is expected to provide leadership and an example to all employees in managing the business in such a way as to minimise the potential for situations to arise where there is a conflict between the business or representative’s interests and those of their customers.

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### 10.3 Compliance Department

The Compliance Team must, as part of their continual compliance monitoring, assess compliance within Old Mutual Customised Solutions with the FAIS Code of Conduct and this Policy. Any breaches of the Code or Policy must form part of the compliance monitoring report to the Board and, if required, to the regulator.

Compliance must, in conjunction with Management, determine the most effective and efficient means of monitoring operational compliance with the requirements of the legislation.

In agreement with Management, the Compliance Officer must set down the reporting requirements emanating from the monitoring activities and must regularly review such reports.

Compliance must develop and put in place a record keeping process (in the form of a Conflicts of Interest Register) and ensure that Conflicts are properly monitored and recorded.

## 11. POLICY BREACHES

Old Mutual requires all Employees to comply with this Policy and a breach of this Policy may lead to disciplinary action against the Employee involved.

All breaches or perceived breaches need to be reported as soon as possible to the Head: Compliance, at the earliest opportunity.

## 12. LIST OF ASSOCIATES

FAIS requires Old Mutual Customised Solutions to include a list of our associated companies, which is graphically represented in Appendix A to this Policy. A full list of the Old Mutual (South Africa) associated companies is set out in the Old Mutual Conflict of Interest Management Policy, accessible on the Old Mutual website.

## 13. ACCESS TO THIS POLICY

This Policy is available on the OMIG Intranet or directly from any member of the Compliance Team.

## 14. APPROVAL OF THIS POLICY

This Policy was approved and resolved to be adopted at a meeting of the Board on 14 April 2011.

# Appendix A

## Key Operating entities as at 01 January 2020

