



BAROQUE

Financial Services (Pty) Ltd

CONFLICT OF INTEREST MANAGEMENT POLICY

1. Purpose

The General Code of Conduct for Authorised Financial Service Providers and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, 2000 (Act No.37 of 2002) (“FAIS”), requires financial service providers to have a Conflict-of-Interest Management Policy in place to ensure that conflict of interest is managed appropriately in the business. The purpose of this policy is to assist the FSP and its employees to identify potential and actual conflict of interest and manage it appropriately.

2. Policy Statement

The FSP is committed to avoiding, and where it is not possible, mitigating any conflict of interest that may arise between the FSP, and a financial service provider (and/or its representatives), and its policyholders when rendering financial services.

3. Who is Subject to the Policy?

The FSP, all its employees and representatives contracted to the FSP (“FAIS representatives”) are bound by this policy.

4. What is a Conflict of Interest?

“Conflict of Interest” is any situation, including financial interest, ownership interest, or any relationship with a third party, in which a provider or FAIS representative has actual or potential interest that may:

- Influence the objective fulfilment of obligations to a client;
- Influence the offering of unbiased and fair advice or service to a client; or
- Prevent the provider or FAIS representative from acting in the best interest of a client.

This may include examples like where the FSP:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Carries on the same business as the client;
- Receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of money, goods or services, other than the standard commission or fee for that service;
- Outside work for clients, suppliers, vendors or competitors of the business;
- Operating as a supplier to the business;
- Activities that has the potential to affect the staff member's objectivity;
- Activities that could reflect negatively on the reputation of the business and its employees;
- Holding a financial interest in a business concern that is a supplier, client, partner, subcontractor, or competitor of the business can constitute a conflict of interest under certain conditions;
- Incentive remuneration for placing a quantity of business with only one or two suppliers, or for only one 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 the business'

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 body of the business.

5. Representative Incentives and Remuneration

Our representatives are remunerated by commission only. Commission and fees are received only where the client has agreed to it in writing, and fees may be stopped at the discretion of that client. We strive to ensure our employees remain motivated whilst at the same time ensuring this remuneration scheme does not encourage inappropriate behaviour. We recognise this conflict and through our monitoring mechanism remain alert to potential abuse.

It is the policy of the business that no representative shall be remunerated or receive a financial interest as part of an incentive structure with its main or sole aim to increase production. Incentives and production bonuses must consider:

A combination of quantitative and qualitative criteria, and not limited to a specific product supplier, and not limited to a specific product.

An incentive or bonus scheme must be approved by the key individual in writing prior to being implemented. All incentive projects must be disclosed to clients of the business and must be attached to this policy, together with a description of the nature and basis of participation and any other rules as well as the duration of the incentive project.

The FSP or its representatives does not tolerate or accept any financial interest from a provider:

- That is determined with reference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes for clients; or
- For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- For 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.

The FSP ensures that all monies paid to a representative considers:

- Achievement of minimum service level standards in respect of clients; and
- Delivery of fair outcomes for clients;
- Quality of the representative's compliance with the Act.

with sufficient weight attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

6. Identify Conflict of Interest

To adequately manage conflicts of interest, the business must identify all relevant conflicts timeously.

Two levels of identification are employed:

Business level:

The managing body will annually identify an index of potential conflict risks. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis;

Employee level:

All employees, including compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify their manager of any conflicts they become aware of. They are further required to disclose all conflicts of interest as they may arise and where there is no conflict-of-interest attest to the fact.

7. Management of Potential or Actual Conflict of Interest

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:

- Avoid the conflict of interest;
- Mitigate the impact;
- Where this is not possible, full disclosure of the conflict of interest must be made;
- Implement a strategy to manage the conflict of interest where it cannot be avoided.

Material conflicts:

Where a conflict will have a serious potential impact on our clients or our business, it must be avoided. Only the key individual or a person authorised by him may make the final decision regarding a material conflict and whether the management process must be followed. Officers, directors, and employees must avoid representing the business in any transaction with others with whom there is any outside business affiliation or relationship. Officers, directors, and employees must avoid using their business contacts to advance their private business or personal interests at the expense of the business, its clients, or affiliates. Officers, directors, and employees of the business must never permit their personal interests to conflict or appear to conflict with the interests of the business, 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 the business from effecting any transaction and/or product;
- Effecting a transaction and/or product that may result in a benefit to another party other than the client.

8. Disclosure and Record Keeping

It is the policy of this business to avoid all possible conflicts of interest, but if this is not possible, then full disclosure of the conflicts of interest must be made in writing to our clients.

Our client 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 is 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 the business, despite the existence of the conflict.

Written records of how the conflict of interest is managed, together with 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 breach of policies and procedures.

9. Management and Mitigation

Before entering into any third party agreement, the FSP will conduct a due diligence to satisfy itself that no conflict of interest exist between the parties or where there is a conflict of interest, that such conflict is properly managed, TCF principles are adhered to and that the product/or service level to the clients are what clients may expect and that a conflict of interest that exists does not compromise the level of service.

The executive committee of the business or any other appropriate forum or person will review all conflicts annually and make recommendations regarding steps to avoid a recurrence of those aspects.

The key individual will accept responsibility for the implementation of all steps necessary. Notice of the attention paid to conflict of interest must be contained in the minutes of the meetings of the executive body and the relevant extracts of the minutes must be made available to the business's compliance officer on request to enable the external compliance officer to report on compliance with this policy.

10. Gifts and Inducements

No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organisation to attract or influence business activity. Officers, directors, and employees shall avoid gifts, gratuities, fees, bonuses, or excessive entertainment, in order to attract or influence business activity.

Any gift or gratuities over the value of R1000 (annual calendar year total) from any other person or their associate may not be accepted by any person in the organisation, and neither may such gifts or incentives be given by any person in the business, to any third party. No gifts or gratuities may be accepted or given without written consent from the key individual.

In exercising discretion the key individual must have regard to any commission regulations or other laws which may be breached by the receipt of such gifts. A written statement from the giver explaining the reason for and purpose of the gift must accompany any request for authorisation. This provision also applies to invitations to any functions, including lunches, dinner, training interventions and prize giving. The gift register may be an electronic register and care must be taken to mitigate the risk of tampering.

The gift register shall be audited by the compliance function regularly to ensure that incentives do not exceed the aggregate value of R1000.00. The result of the audit shall be communicated to the CEO or directors. In determining whether any gift or incentive is to be allowed, the director shall have regard to this report.

11. Insider Trading

Officers, directors, and employees of the business will often encounter, or have possession of, proprietary, confidential, or business-sensitive information and must take appropriate steps to ensure that such information is strictly safeguarded. This information, whether it is on behalf of our business or any of our clients or affiliates could include strategic business plans, operating results, marketing strategies, client lists, personnel records, upcoming acquisitions and dividend structures, new investments and manufacturing costs.

Proprietary, confidential and sensitive business information about this business, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis. No disclosure of confidential information is permitted without written permission of the client or the most senior manager of this business.

Misuse of material inside information in connection with trading in the business's securities can expose an individual to civil liability and penalties. Under current legislation, directors, officers, and employees in possession of material information not available to the public are "insiders".

Spouses, friends, suppliers, brokers, and others outside the business who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders". The Act prohibits insiders from trading in, or recommending the sale or purchase of, the business's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any business with which we do business, which could be affected by the inside information.

The following guidelines should be followed in dealing with inside information:

- Until the material information has been publicly released by the business, an employee must not disclose it to anyone except those within the business whose positions require use of the information;
- Employees must not buy or sell the business's 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 shall not buy or sell shares to another corporation, the value of which is likely to be affected by an action by the business of which the employee is aware and which has not been publicly disclosed.

Officers, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements. Officers, directors, and employees will refrain from gathering competitor intelligence by illegitimate means and refrain from acting on knowledge which has been gathered in such a manner. The officers, directors and employees of the business will seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

12. Staff Training and General Awareness

All the FSP's staff must be aware of this policy and receive training on this policy. A copy of this 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. It is the responsibility of the compliance function to ensure that the provisions of this paragraph are complied with.

All staff will sign an affidavit declaring that no conflict of interest exists between themselves and the FSP and where there

is a conflict of interest, such conflict is declared to ensure the proper management thereof. It is our policy to inform all clients of the existence of this policy and make it available to clients on request thereof.

Applicable documents:

- Conflict of Interest Management Policy
- Conflict of Interest Register
- Conflict of Interest Affidavit
- Gift Register

13. Document Information

Approved by:	Executive Management/Key Individual
Effective Date:	05/05/2016
Review Frequency:	Annually

14. Document History

Date:	Version:	Comment:
05/05/2016	V2016	Accepted and implemented
20/07/2017	V2017	Reviewed and accepted
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13/07/2019	V2019	Reviewed and accepted
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23/03/2021	V2021	Reviewed and accepted
18/01/2022	V2022	Reviewed and accepted