

1. Purpose and Scope



Lebohang Modimo Brokers (Pty) Ltd company has the responsibility in terms of the Financial Advisory and Intermediaries Services Act ('FAIS'), to ensure that the quality of the financial services that is rendered to clients is improved, with added value. The company recognises the need to ensure that all business relationships is conducted on professional principles and that relationships are kept at arm's length, meaning that the parties in the relationship are independent and otherwise unrelated.

The purpose of this Conflict-of-Interest policy is to outline a suitable approach and response to the identification and management of conflicts of interest. This policy is intended to comply with the procedures prescribed in Financial Services Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives of 2003, as amended by Board Notice 43 of 2008.

CONFLICT OF INTEREST MANAGEMENT POLICY

All applicable FSP's are financial services providers, and regulated by the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS Act). The purpose of this policy is to comply with the procedures described in Board Notice 58 of 2010.

The company recognises its obligation to oversee that appropriate controls and procedures are implemented within Lebohang Modimo Brokers (Pty) Ltd to minimize and manage all real and potential conflicts of interests. Like any financial services provider, Lebohang Modimo Brokers (Pty) Ltd is potentially exposed to conflicts of interest in relation to various activities.

The purpose of this policy is to provide a framework for the prevention of conflicts of interest as far as reasonably possible. Where conflicts are unavoidable, the policy provides guidelines on how to deal with the conflicts in an ethical and responsible manner and mitigate potential risks.

Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by Lebohang Modimo Brokers (Pty) Ltd employees, representatives and management.

2. Understanding the Definitions

2.1 The Client

A specific person or group of persons, excluding the general public, who is or may become subject to a financial service rendered intentionally by the FSP's

2.2 Conflict of Interest:

A conflict of interest may occur when in rendering a financial service to you, we do not act impartially or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to: (a) A financial interest; (b) An ownership interest; and (c) Any relationship with a third party.

Company Registration no: 2020/058994/07

Financial Service Provider no: 91563

(hereinafter referred to as the Financial Services Provider)

2.3 A Financial Interest:

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentives or valuable consideration (exceeding R1,000.00 per annum) other than –

2.3.1 An Ownership Interest:

1. (a) any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee includes any dividend, profit share or similar benefit derived from such interest.
2. (b) **Training, that is not exclusively available to a selected group of providers or representatives, on –**
3. (i) Products and legal matters relating to those products.
4. (ii) General financial and industry information.

2.4 Any relationship with a third party

“Distribution Channel”

- i. 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;
- ii. 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;
- iii. 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.

3. Guiding Principle and Treating Customers Fairly

- The guiding principles of this policy are that Lebohang Modimo Brokers (Pty) Ltd, and its representatives must, when rendering financial services, act honestly, fairly, with due care, skill and diligence.
- There must, always, be a regard to fair outcomes for customers, the interest of the clients and the integrity of Lebohang Modimo Brokers (Pty) Ltd as well as that of the financial services industry as a whole.
- Representatives of Lebohang Modimo Brokers (Pty) Ltd are discouraged from engaging in situations that will give rise to an actual or potential Conflict of Interest situation and must immediately report such situations.
- Keep a register of conflict of interest.

4. Processes and Internal Controls

4.1 Identification of Conflict of Interest

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, Lebohang Modimo Brokers (Pty) Ltd considers whether there is a material risk of damage to the client, taking into account whether Lebohang Modimo Brokers (Pty) Ltd or its representative,

associate or employee:

- 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;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of 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 monies, goods or services, other than the legislated commission or reasonable fee for that service.

Our policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between Lebohang Modimo Brokers (Pty) Ltd and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interest's conflict materially
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- storing confidential information on clients, which, if we would disclose or use, would affect the advice or services provided to clients. We may only receive commissions authorized in terms of applicable legislation.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of.

a. Duty to disclose

Every employee/agent of Lebohang Modimo Brokers (Pty) Ltd is obligated to disclose any known or potential conflicts of interest as soon as they arise. Failure to do so could result in termination of employment.

b. Investigating potential conflicts

When a possible conflict of interest arises, senior management, Key Individual or Ethics Co-ordinator will collect all of the pertinent information and may question any concerned parties. If the Key Individual or directors determines that a conflict exists, steps will be taken to address the conflict. If no conflict exists, the inquiry may be documented but no further action will be taken.

Lebohang Modimo Brokers (Pty) Ltd maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis.

c. Addressing conflicts of interest

When an actual conflict of interest is found, any transactions that may have been affected will be reviewed retroactively. Affected parties both within and outside of the business, including shareholders, directors, employees, and contractors will be notified. An investigation will also be conducted by the board of directors to determine the extent of the conflict and the intentions of the

parties involved.

If the conflict in question involves a member or members of the board of directors, such a member will be excused from the deliberations.

d. Disciplinary action

As all conflicts of interest will be reviewed on a case-by-case basis, a review may result in disciplinary action. The board of directors has full discretion to deem what disciplinary action is both fitting and necessary, including suspension and/or termination of employment.

The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests. Once a conflict of interest has been identified, it needs to be appropriately and adequately managed. The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.

5. What may we Give and Receive?

Used correctly, gifts and entertainment can promote goodwill and reinforce strong business relationships. In some cultures, gifts may be customary and expected. However, because gifts and entertainment carry value for the recipient, it's important to consider them carefully and avoid situations in which they might diminish—or appear to diminish—your objectivity or someone else's.

Do not give or accept any gift or entertainment where it could cause—or give the appearance of causing Lebohang Modimo Brokers (Pty) Ltd to grant or receive any favour in return. Do not give or accept cash or cash equivalents such as gift cards, gift certificates or vouchers with denominated spending amounts.

Reasonable business entertainment and customer gifts of immaterial financial interest are permitted, including promotional events, provided that the offer is consistent with usual business practice and cannot be viewed as a bribe or a payoff and certainly cannot be in violation of this Policy. The Lebohang Modimo Brokers (Pty) Ltd Fraud and Ethics Policy should at all times be considered in relation to gifts and entertainment and underpins this principle. Any other forms of commissions, incentives and remuneration must be presented to the Compliance Department for approval prior to its implementation.

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

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| | <ul style="list-style-type: none"> - Commission authorized under the Long-term Insurance Act, 52 of 1998; - Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered; - Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion; - Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered; |
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| | <ul style="list-style-type: none"> - Subject to any other law, an immaterial financial interest; - A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof. |
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6. Representative Incentives

We confirm we will not offer any financial interest to our key individuals or representatives for-

- (i) favoring quantity of business over quality of service; or
- (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

7. Sign-on Bonus

Lebohang Modimo Brokers (Pty) Ltd does not engage in the practice of offering representatives sign-on bonuses as an incentive to render financial services on its behalf. The FAIS Act prohibits the offering of a sign-on bonus to any person other than to a new entrant (a person who has never been authorized as an FSP or appointed as a representative by any FSP).

8. Training and Staff

The Key Individual will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict-of-Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

As all conflicts of interest will be reviewed on a case-by-case basis, a review may result in disciplinary action. The Director has full discretion to deem what disciplinary action is both fitting and necessary, including suspension and/or termination of employment.

9. Measures aimed at identifying Conflict of Interest:

- 9.1 It is the responsibility of all employees of Lebohang Modimo Brokers (Pty) Ltd to maintain the good name and standing of Lebohang Modimo Brokers (Pty) Ltd by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern the conduct of Lebohang Modimo Brokers (Pty) Ltd.
- 9.2 Compliance with all rules, regulations and legislation is the individual responsibility of each employee. Each employee must accept personal responsibility for behaving correctly and in accordance with this Policy. Likewise, each employee is obliged to avoid or prevent any actions that are contrary to the content of this policy, and which could cause any harm Lebohang Modimo Brokers (Pty) Ltd as a result.
- 9.3 Set out below are various ways in which the company can identify any Conflict of Interest:
- use of the company's declaration of interest register will provide information on Conflict of Interest;
 - monitoring the Conflict-of-Interest declaration register, annually;
 - regular monitoring of commissions, incentives and fees that are paid /received by business units and independent brokerages;
 - monitoring of gifts/financial interest offered or received by Lebohang Modimo Brokers (Pty) Ltd on a continual basis.

10. Measurement for avoidance and mitigation of Conflict of Interests

- 10.1 Employees should avoid engaging in activities which will result in a Conflict of Interest.
- 10.2 To create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.
- 10.3 To ensure understanding and adoption of conflict-of-interest policy and management measures by all employees, representatives and associates.
- 10.4 To conduct regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- 10.5 If Lebohang Modimo Brokers (Pty) Ltd employees realise that there is a potential or actual Conflict of Interest, the employee must, timeously and fully disclose any such potential or actual existence of a conflict to the company by reporting it to their immediate superior and submit a potential conflict of interest notification.
- 10.6 Lebohang Modimo Brokers (Pty) Ltd employees, who are faced by a Conflict-of-Interest situation which is unavoidable, must ensure that the necessary disclosures are made to the client and that the client's best interests are prioritised.
- 10.7 Should any employee not be certain about an intended transaction of theirs being a possible transgression of this policy, the employee must approach their immediate supervisor and send an email to the Compliance Officer at compliantcompliance@gmail.com for assistance.

- 10.8 The company must be able to demonstrate that the determination of and the entitlement to the financial interest takes into account measurable indicators relating to the (a) achievement of minimum service level standards in respect of clients; (b) delivery of fair outcomes for clients; (c) quality of the representative's compliance with the Act; as agreed between company and the representative, and sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for Lebohang Modimo Brokers (Pty) Ltd over the fair treatment of clients.
- 10.9 For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to client. For giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client. This aims to ensure that, clients are treated fairly and are fully protected from undue and uncompetitive behaviour by product suppliers and /or their representatives. The ultimate objective is to ensure that the best possible financial services are always rendered to clients.
- 10.10 To ensure that quality is not compromised in favour of quantity.
- 10.11 Depending on the severity of non-compliance on the part of representatives, the following actions can be taken:
- 10.11.1 Written warning;
 - 10.11.2 Training can be recommended;
 - 10.11.3 Coaching;
 - 10.11.4 Dismissal; or
 - 10.11.5 Penalty in the form of a deduction of commission earned by the Representative.
- 10.12 In situations where it is "impossible" to avoid a Conflict of Interest, business unit manager(s) must, when called upon to do so, advance reasons as to why they failed to adhere to this policy and to take measures to mitigate any Conflict of Interest.

11. Consequences of non-compliance with the policy

- 11.1 Lebohang Modimo Brokers (Pty) Ltd employees are obliged to report every suspected or actual transgression of this policy through the disclosure process.
- 11.2 All employees should avoid any situation that may create or appear to create a situation which could be deemed a Conflict of Interest as, once there is a Conflict of Interest, Lebohang Modimo Brokers (Pty) Ltd employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.
- 11.3 A violation of this policy is a serious matter that could cause harm to Lebohang Modimo Brokers (Pty) Ltd and could result in disadvantaging certain clients of the company.
- 11.4 Any employee, of Lebohang Modimo Brokers (Pty) Ltd who fails to comply with this policy or avoids compliance through any means, will be regarded as having breached his/her employment contract. This will potentially render the individual liable to the appropriate disciplinary proceedings in terms of the FAIS Act and Lebohang Modimo Brokers (Pty) Ltd internal Disciplinary Code which may result in the termination of their employment with the company

12. Ongoing monitoring of Conflict-of-Interest Management

This policy will be reviewed annually and must be cited in the Annual Compliance Report, containing details "...on at least the implementation, monitoring and compliance with, and the accessibility of the conflict-of-interest management policy."

The Key Individual or Directors will be in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters. **Apart from the register of actual conflict of interests, record must be kept of potential conflict of interest and closely monitored by the Key Individual and/or assigned staff.**

13. Disclosure

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. Such disclosures will be made by way of the Client Advice Record, Disclosure Letters and Service Level Agreements.

The reasons for the conflict of interest's unavoidability must be made available to the client on request.

Publication:

We will publish our conflict-of-interest management policy in appropriate media and ensure that it is easily accessible for inspection at all reasonable times. **Our Conflict-of-Interest policy is available in hard copy in the compliance file or stored electronically on a Share Drive. A copy will be provided on the client's request.**

Declining to act:

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

14. Registers

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that we do not have an ownership interest or are subject to exclusive training nor are there any other circumstances, which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transaction with you we undertake to disclose these in the registers below.

Lebohang Modimo Brokers (Pty) Ltd has implemented the registers below:

1. Nature and Extent of Ownership interests
2. Financial Interest Received
3. Nature and Extent of Business Relationships
4. Associations
5. Register of Financial Interests, Ownership Interests and Business Relationships

15. Management of Conflict of Interest

This policy forms part of the risk management framework of Lebohang Modimo Brokers (Pty) Ltd. The Compliance Office responsible for the maintenance of this policy to ensure that the policy remains relevant and appropriate to meet the statutory requirements. All queries regarding this policy can be directed to the Compliance Officer.

16. Amendments to this Policy

The company will adopt this policy as well as the policies relating to the identified categories of potential Conflicts of Interest. The company, without prior notice to or having been in consultation or reaching agreement with its representative, may amend this policy. The amended policy shall be made available to all employees on the relevant platforms. This policy will be reviewed on an annual basis or as required from time to time; and where necessary, updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate Conflicts of Interest.

Date	19 September 2021
Reference Number	COI/01
Next Review date	31 October 2021



Dear Client

At Lebohang Modimo Brokers (Pty) Ltd, we believe in open, honest and transparent interactions with our clients. In the course of our business activities, situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At Lebohang Modimo Brokers (Pty) Ltd, we take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest but would gladly address any concerns you may have. Please refer to Annexure 1 to this register for a complete list.

We may also enjoy a preferred status with one or more of the product suppliers' companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to Annexure 2 for complete details of these business relationships.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in Annexure 3.