



CONFLICT OF INTEREST MANAGEMENT POLICY

FOR

WAUKO (PTY) LTD AND ITS SUBSIDIARIES

Table of Contents

1. DEFINITIONS.....	3
1.1 Associate.....	3
1.2 Conflict of Interest.....	4
1.3 Distribution Channel.....	4
1.4 Financial Interest.....	5
1.5 General Code of Conduct.....	5
1.6 Immaterial Financial Interest.....	6
1.7 Ownership Interest.....	6
1.8 Services.....	6
1.9 Third Party.....	6
2. PURPOSE OF A CONFLICT OF INTEREST MANAGEMENT POLICY.....	7
3. IDENTIFYING A CONFLICT OF INTEREST.....	8
3.1 INDIVIDUAL IDENTIFICATION.....	8
3.2 FURTHER GUIDANCE ON IDENTIFYING A CONFLICT OF INTEREST.....	9
3.3 INTERNAL CONTROLS TO IDENTIFY CONFLICTS OF INTEREST.....	10
4. AVOIDING AND MITIGATING A CONFLICT OF INTEREST.....	12
5. DISCLOSURE OF CONFLICTS OF INTEREST.....	13
6. COMPLIANCE MEASURES.....	14
7. CONSEQUENCES OF NON-COMPLIANCE.....	16
ANNEXURE A: LIST OF ASSOCIATES.....	17
ANNEXURE B: OWNERSHIP INTERESTS HELD BY WAUKO.....	18
ANNEXURE C: OWNERSHIP INTEREST HELD IN WAUKO.....	19

1. DEFINITIONS

1.1 Associate

Associate means

- in relation to a natural person:
 - a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person
 - a child of that person, including a stepchild, adopted child and a child born out of wedlock
 - a parent or stepparent of that person
 - a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person
 - a person who is a spouse, life partner or civil union partner of a person referred to above
 - a person who is in a commercial partnership with that person
- 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
 - which is a close corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act
 - which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - had such first-mentioned juristic person been a company, or
 - in the case where that other person, too, is not a company, had both the first-mentioned juristic person and that other person been a company

- means any person in accordance with whose directions or instructions the board of director of or, in the case where such juristic person is not a company, the board of directors of such juristic person is accustomed to act.
- in relation to any person:
 - means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the board of directors is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph
 - includes any trust controlled or administered by that person

1.2 Conflict of Interest

Conflict of Interest means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- influence the objective performance of his, her or its obligations to that client; or
- prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to:
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

1.3 Distribution Channel

Distribution Channel means

- any arrangement between a product supplier of 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

- 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
- 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

1.4 Financial Interest

Financial Interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:

- an ownership interest;
- 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.
- any benefit or discount available to the general public;
- a recognised qualifying enterprise development contribution to a qualifying beneficiary by a provider that is a measured entity.

1.5 General Code of Conduct

General Code of Conduct refers to the General Code of Conduct for Authorised Financial Services Providers and Representative published in Board Notice 80 of 2003 as amended.

1.6 Immaterial Financial Interest

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 provider who is a sole proprietor; or
- a representative for that representative's direct benefit;
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

1.7 Ownership Interest

Ownership Interest means

- any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person, and
- includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

1.8 Services

Services means

- financial services as defined in the Financial Advisory and Intermediary Services Act, 37 of 2002, and
- Any other services rendered by Wauko or any of its subsidiaries to a third party in terms of a service level agreement.

1.9 Third Party

Third Party means

- a client;
- a product supplier;
- another provider;

- an associate of a product supplier or a provider;
- a distribution channel;
- any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to a provider or its representatives.

2. PURPOSE OF A CONFLICT OF INTEREST MANAGEMENT POLICY

In terms of Section 3A(2) of the General Code of Conduct every financial services provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy which complies with the provisions of the Financial Advisory and Intermediary Services Act, 37 of 2002.

In terms of the General Code of Conduct a financial services provider and a representative must avoid, and where this is not possible, mitigate any conflict of interest between the provider and a client, or a representative of the financial services provider and his, her or its clients.

Wauko and its employees are committed towards acting within the best interests of our clients and to avoid all conflict of interests in relation to the provision of services. Where we are unable to avoid a conflict of interest, we will take all necessary precautions to ensure that any actual or potential conflict of interest is mitigated and adequately disclosed to our clients.

In order to ensure the continued demonstration of our commitment, the board of directors has adopted a Conflict of Interest Management policy to provide for the effective management of any actual or potential conflicts of interest that may arise wholly or partially, in relation to the provision of services.

The purpose of the Conflict of Interest Management Policy is therefore to:

- establish internal controls and mechanisms towards the identification of conflicts of interest
- establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore
- establish measures to ensure that any unavoidable conflicts of interest are mitigated

- establish measures to ensure the proper disclosure of any conflicts of interest
- establish processes, procedures and internal controls to facilitate compliance with the policy
- communicate the consequences of non-compliance with the policy

3. IDENTIFYING A CONFLICT OF INTEREST

3.1 INDIVIDUAL IDENTIFICATION

The primary responsibility for the identification of a conflict of interest rests with the employees and individual members of the board of directors of Wauko.

Throughout the process of rendering a service to a client, an employee must apply his or her mind to answering the following questions:

- is there any situation that exists that influences the objective performance of my obligations to my client?
- is there any situation that exists that prevents me from rendering an unbiased and fair service to my client?
- is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is “no”, then there is no conflict of interest associated with the service and the employee may proceed.

If the answer to any one of the three questions is “yes”, the employee must proceed to answer the following additional questions:

- is the situation caused as a result of an actual or potential relationship with a third party? (See definition of “third party”)
- is the situation caused by an actual or potential financial or ownership interest? (See definition of “financial interest” and “ownership interest”)

If the answer to any one of these questions is “yes”, an actual or potential conflict of interest will have been identified.

3.2 FURTHER GUIDANCE ON IDENTIFYING A CONFLICT OF INTEREST

The definition of a Conflict of Interest incorporates the following terminology:

-influence the “**objective performance**” of his, her or its obligations to that client....
-prevent a provider or representative from rendering an “**unbiased and fair financial service**” to that client.....
-including but not limited to a “**financial interest**”

It is generally understood that the word “objective” refers to a situation where an individual’s personal feelings or opinions are completely removed from the equation. The “objective performance” of Wauko or an employee’s obligations therefore implies a situation where services are rendered without any untoward influences.

The word “bias” or “biased” is understood to mean a form of prejudice towards a particular person or viewpoint, whereas the word “fair” or “fairness” indicates a situation of just circumstances or being treated on an equal footing. An unbiased service therefore implies a service that does not lend itself to a particular persuasion, where no reasonable justification for such persuasion can be found. Similarly, a fair service implies a situation where the same conclusion or outcome will consistently present itself given the exact same set of circumstances.

Subject to section 3A(1)(c) of the General Code of Conduct, Wauko and its employees may only receive or offer the following “financial interest” from or to a “third party”:

- **commission** authorised under the Long-term Insurance Act, Short-term Insurance Act or under the Medical Schemes Act
- **fees** authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered
- **fees** for the rendering of a financial service or other service in respect of which commission or fees referred to above is not paid, 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
- an **immaterial financial interest** (subject to any other law)
- **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 interest, is paid by Wauko or an employee at the time of receipt thereof

Wauko will not offer any financial interest to its employees for:

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

3.3 INTERNAL CONTROLS TO IDENTIFY CONFLICTS OF INTEREST

Wauko has implemented the following internal controls to identify actual or potential conflicts of interest that may arise:

- The board of directors of Wauko conducts annual reviews on all contracts held with third parties in order to assess whether the contractual relationship in any way influences Wauko's objective performance towards its clients
- The board of directors of Wauko conducts annual reviews on all contracts held with third parties in order to assess whether the contractual relationship in any way influences Wauko's ability to render fair and unbiased services towards its clients
- The board of directors of Wauko conducts annual reviews on all contracts held with third parties in order to assess whether the contractual

relationship in any way influences Wauko's ability to act in the best interest of the client

- The board of directors of Wauko conducts annual reviews on all relationships where an ownership interest exists between Wauko and a third party. The purpose of the review is to assess whether the relationship in any way influences Wauko's objective performance towards its clients
- The board of directors of Wauko conducts annual reviews on all relationships where an ownership interest exists between Wauko and a third party. The purpose of the review is to assess whether the relationship in any way influences Wauko's ability to render fair and unbiased services towards its clients
- Conflict of Interest declarations are signed by all relevant personnel on a quarterly basis. The purpose of collecting Conflict of Interest declarations is to assist Wauko and the appointed compliance officer to identify actual or potential conflicts of interest
- A list of Wauko's associates is attached as an annexure hereto. The list is reviewed on an annual basis
- A list of all third parties in which Wauko holds an ownership interest is attached as an annexure hereto. The list is reviewed on an annual basis
- A list of all third parties that holds an ownership interest in Wauko is attached as an annexure hereto. The list is reviewed on an annual basis
- Wauko maintains a Gift Register. All gifts received from a third party will be recorded in Wauko's Gift Register. The Gift Register is kept in Wauko's Compliance Manual
- All employees are required to immediately disclose in writing to the board of directors of Wauko and Wauko's compliance officer, any actual or potential conflicts of interest as soon as they become aware of such situation

4. AVOIDING AND MITIGATING A CONFLICT OF INTEREST

Once an actual or potential conflict of interest has been identified, the following procedures will be followed in order to determine whether the conflict of interest is avoidable:

- The board of directors of Wauko will convene and evaluate the actual or potential conflict of interest in an open and honest manner
- All information that's led up to and resulting in, or causing the actual or potential conflict of interest will be disclosed to Wauko's board of directors and Wauko's compliance officer
- The board of directors of Wauko will apply its mind and determine by way of majority vote whether Wauko is in a position to avoid the actual or potential conflict of interest
- During the evaluation process, the board of directors of Wauko will consider the following possible outcomes prior to a finding in favour of unavailability:
 - The possible negative impact it will have on Wauko's clients where the actual or potential conflict of interest is deemed to be unavoidable
 - The possible negative impact it will have on the integrity of the broader industries Wauko operates in where the actual or potential conflict of interest is deemed to be unavoidable
- Where the board of directors of Wauko has determined that the actual or potential conflict of interest is in fact avoidable, the following processes will be followed:
 - The board of directors will remove the underlying cause or situation that results in the actual or potential conflict of interest as soon as reasonably possible
 - Any immediate negative impact or prejudice towards clients pending the removal of the actual or potential conflict of interest will be kept to a minimum
 - The reasons why the actual or potential conflict of interest was determined to be avoidable will be recorded in Wauko's Compliance Manual

- Similar circumstances that have led up to the actual or potential conflict of interest will be avoided in the future
- Where the board of directors of Wauko has determined that the actual or potential conflict of interest is unavoidable, the following processes will be followed:
 - The board of directors of Wauko and Wauko's compliance officer will convene and determine the measures that will be implemented in order to mitigate the actual or potential conflict of interest as far as reasonably possible
 - The reasons why the actual or potential conflict of interest was considered to be unavoidable will be recorded in Wauko's Compliance Manual
- Any measures implemented towards mitigating the actual or potential conflicts of interest will include the following arrangements:
 - The status of whether the actual or potential conflicts of interest's is still deemed to be unavoidable shall be reassessed on a continuous basis
 - Where a previously deemed unavoidable actual or potential conflicts of interest is subsequently deemed to be avoidable, such actual or potential conflict of interest shall immediately be avoided
 - All employees will be notified of any actual or potential conflicts of interest as well as the reasons for its unavoidability
 - When rendering a service, an employee shall be required to disclose to the client in writing that an actual or potential conflict of interest exist
 - Where applicable, WauTreasury and/or WauTreasury's compliance officer shall report on the status of the actual or potential conflict of interest in WauTreasury's conduct of business report to be submitted to the Financial Sector Conduct Authority.

5. DISCLOSURE OF CONFLICTS OF INTEREST

It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest. Wauko is therefore committed to ensure that clients are fully informed about actual or potential conflicts of interest in relation to the provision of any services.

Wauko has adopted the following disclosure measures:

- Wauko shall disclose to a client any conflict of interest in respect of that client
- The disclosure shall be made in writing at the earliest reasonable opportunity. The disclosure may be communicated by way of appropriate electronic media
- The disclosure shall include the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest
- The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest
- The disclosure shall include the measures taken to avoid or mitigate the conflict
- The disclosure shall include any ownership interest or financial interest, other than an immaterial financial interest, that Wauko or employees may be or become eligible for
- The disclosure shall include a reference to Wauko's Conflict of Interest Management Policy and how it may be accessed

6. COMPLIANCE MEASURES

The measures implemented towards ensuring Wauko's continued compliance with the Conflict of Interest Management Policy rests with the board of directors of Wauko. Wauko's appointed compliance officer will monitor Wauko's continued compliance with the policy on an ongoing basis.

Wauko has adopted the following internal controls and processes:

- The board of directors of Wauko shall ensure that the Conflict of Interest Management Policy is kept on Wauko's group SharePoint site
- The board of directors of Wauko shall ensure that all relevant personnel read the Conflict of Interest Management Policy and understand their duties in respect thereof
- The board of directors of Wauko shall ensure that all personnel, and where appropriate, associates are made aware of the contents of the Conflict of

Interest Management Policy and shall provide personnel with training and educational material where deemed appropriate

- The board of directors of Wauko shall ensure that all Conflict of Interest declarations are signed by relevant personnel on a quarterly (3 monthly) basis
- Where an employee or representative have any concerns whether or not an actual or potential conflict of interest might arise in a particular situation, the employee or representative will be required to refer his or her concern to Wauko's compliance officer
- The board of directors of Wauko shall ensure that a list of all Wauko's associates is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually
- The board of directors of Wauko shall ensure that a list of all the parties in which Wauko holds an ownership interest is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually
- The board of directors of Wauko shall ensure that a list of all third parties that holds an ownership interest in Wauko is annexed to the Conflict of Interest Management Policy and that a review of the list shall be conducted annually
- The board of directors of Wauko shall continue to maintain a Gift Register and shall ensure that all gifts received from a third party are recorded in Wauko's Gift Register
- The board of directors of Wauko shall ensure that the proper disclosures are made to the client regarding actual or potential conflicts of interest
- The Conflict of Interest Policy shall be regularly reviewed by the appointed compliance officer, and where necessary, updated to ensure that the measures contained herein remains effective
- The board of directors of Wauko shall publish its Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times
- The board of directors of Wauko shall ensure that the Conflict of Interest Management Policy is reviewed on at least an annual basis

7. CONSEQUENCES OF NON-COMPLIANCE

Where there is reason to believe that an employee has failed to disclose an actual or potential conflict of interest via the proper communication channels, failed to complete the Gift Register timeously, or received a material financial interest, Wauko will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by Wauko, its clients or any other third party.

Where an investigation concludes that an employee of Wauko has indeed failed to disclose an actual or potential conflict of interest, failed to complete the Gift Register timeously, or received a material financial interest, Wauko shall immediately take appropriate disciplinary steps and corrective actions against such employee, including, but not limited to, further training and disciplinary action. Any failure by an employee to comply with the Conflict of Interest Management Policy will be considered serious form of misconduct and a dismissible offence.

ANNEXURE A: LIST OF ASSOCIATES

In terms of Section 3A(2)(b)(iii) of the General Code of Conduct, a Conflict of Interest Management Policy must include a list of all Wauko's associates.

Please refer back to the definition of an "associate" and list all Wauko's associates, as well as the nature of the associate relationship:

Wauko's subsidiaries are as follows:

- WauComply
- WauFM
- WauPerform
- WauRentals
- WauTreasury

ANNEXURE B: OWNERSHIP INTERESTS HELD BY WAUKO

In terms of Section 3A(2)(b)(v) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties in which the provider holds an ownership interest.

Please refer back to the definition of a “third party” and “ownership interest” and list all third parties in which Wauko holds an ownership interest. Also specify the nature and extent of the ownership interest.

Wauko hold the following ownership interests:

Company name	% Shareholding
WauTreasury	100%

ANNEXURE C: OWNERSHIP INTEREST HELD IN WAUKO

In terms of Section 3A(2)(b)(vii) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties that holds an ownership interest in the provider.

Please refer back to the definition of a “third party” and “ownership interest” and list all third parties that hold an ownership interest in Wauko. Also specify the nature and extent of the ownership interest.

N/A

ANNEXURE C: OWNERSHIP INTEREST HELD IN WAUKO

In terms of Section 3A(2)(b)(ii), a Conflict of Interest Management Policy must specify the type of financial interest that the provider will offer a Representative and the basis on which a Representative will be entitled to such a financial interest. The Conflict of Interest Management Policy must also include a motivation regarding how the financial interest complies with sections 3A(1)(b) and 3A(1)(bA).

Please refer back to the definition of “Financial Interest”, and specify in the table below which types of financial interest is offered by the provider to its Representatives. Also specify the basis on which these Representatives are entitled to such a financial interest. Lastly, specify how the financial interest afforded to the Representatives comply with sections 3A(1)(b) and 3A(1)(bA).

Wauko's remuneration structure is set out in its Remuneration Policy.