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CONFLICT OF INTEREST MANAGEMENT POLICY

NUMSA FINANCIAL SERVICES (PTY) LTD

REG NUMBER: 2010/015839/07

Introduction:

This Policy is drafted in terms of section 3A(2)(a) of the FAIS Act's General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice number 58 of 2010 which amended the Code of Conduct by introducing amended provisions relating to the Conflict of Interest.

NUMSA Financial Services (Pty) Ltd ("NFS") is an authorized financial services provider with FSP 34560. All Financial Services Providers, including NFS are required to adopt and implement Conflict of interest policy.

Purpose of this Policy:

This Policy is aimed at encouraging FSP's (in this instance NFS) to adopt appropriate measures to enable them and their employees;

- avoid any conflict of interest,
- identify the existence of any conflict of interest, and
- to disclose the existence of Conflict of Interest.
- 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 the Company's employees and representatives.

Applicability of the policy:

The Conflict of Interest Management policy apply to all directors, officers, employees, representatives, associates, brokers and consultants of NFS. They are required to comply with this Policy. The Policy applies across the whole spectrum of the NFS's business.

Guideline

This Policy is by no means an exhaustive analysis addressing every conflict of interest situation that might arise. The Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist employees in making the right decisions when confronted with potential conflict of interest issues.

NFS Associates

Below please see NFS associates;

- NUMSA Investment Company (Pty) Ltd
- Brevity Trade 12 (Pty) Ltd
- Doves Group Holding (Pty) Ltd

- Union Life Limited
- ICSA (Pty) Ltd
- Petch Fabricators (Pty)Ltd
- Numsa Property Group
- Crackawin Investment (Pty)Ltd
- NUMSA Industrial Holding (Pty)Ltd
- Funeral Academy of Africa (Pty)Ltd
- Mother City Funeral (PTY) Ltd
- Tradepost 125 (Pty)Ltd
- Doves Windth Broers Funeral (Pty)Ltd

Definitions

<p>“Conflict of interest”</p>	<p>Refers to any situation in which a provider or a representative has an actual or potential interest that may, when rendering a financial service to a client;</p> <p>(a) Influence the objective performance of his/her obligations to that client;</p> <p>(b) Prevent the provider of representative from rendering an unbiased and unfair financial service to that client or from acting in the interests of that client, including but not limited to –</p> <p>(i) <i>Financial interest</i></p> <p>(ii) <i>Ownership interest;</i></p> <p>(iii) <i>any relationship with a third party</i></p>
<p>“Financial interest”</p>	<p>Refers to any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –</p> <p>(a) <i>ownership interest;</i></p> <p>(b) <i>training, that is not exclusively available to a selected group of providers or representatives, on</i></p> <p>(i) <i>products and legal matters relating to those products;</i></p> <p>(ii) <i>general financial and industry information;</i></p> <p>(iii) <i>specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associates with that training.</i></p>

<p>immaterial financial interest”</p>	<p>Refers to any financial interest with a determinable monetary value, aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by –</p> <ul style="list-style-type: none"> (a) a provider who is a sole proprietor; or (b) a representative for the representative’s direct benefit (c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives <p>Illustration</p> <p>A provider/representative can spend up to a maximum of R1000.00, per calendar year, per financial service provider and/or a representative on amongst other things, training, vouchers, provision of marketing materials etc. One is obliged to maintain a proper record of any financial interest provided. The Key individual(s) are responsible for updating and to keep safe the Representative Register. Representative(s) who want to access the interest register must request the Key Individual/Manager to provide them with a copy.</p> <p><i>The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with customers and or a provider’s clients. 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 bribe or a payoff and certainly cannot be in violation of this Policy.</i></p>
<p>“Ownership Interest”</p>	<p>Refers to;</p> <ul style="list-style-type: none"> (a) any equity or proprietary interest, for which fair value was paid for by the owner at the time of acquisition. other than equity or proprietary interest held as nominee on behalf of another. (b) Includes dividend or profit share or similar benefit derived from that equity or ownership interest.

What is allowed under the Conflict of Interest Management Policy?

An FSP or its representatives may only **receive or offer** the following:

- Commission, fees under Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, provided that the fees and commissions are specifically agreed to by a client, in writing, and which may be stopped at the discretion of that client;
- Subject to any other law, any immaterial financial interest (see the definition below), fees or remuneration for rendering of a service to a third party (such as a product supplier, another provider, or an associate of either of these), or a distribution channel (such as an arrangement between a product supplier or any of its associates and one or more providers and any of its associates) , which fees or remuneration are reasonably commensurate to the service being rendered:
- A financial interest for which fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by the provider or representative at the time of receipt.

Under no circumstances shall NFS provide a financial interest to a representative for:

- Giving preference to the quantity of business secured for the provider unless the quality of the service rendered to clients forms basis of same;
- 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 supplier, where a representative may recommend more than one product of that product supplier to a client.
- Training interventions not available to other groups, may not be offered exclusively to third parties, with exception of product knowledge, product technical knowledge, excluding accommodation and travel.

Consequences of non-compliance with this policy:

All NFS employees are obliged to report every suspected or actual transgression of this Policy to the Management/Risk and Compliance. All employees should avoid any situation that may create or appear to create a situation which could be determined to be a conflict of interest. Once there is a conflict of interest, Company employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

A violation of this Policy is a serious matter that could cause harm to the Company and also could result in disadvantaging certain of the Company's clients.

Any employee, of the Company, who fails to comply with this Policy, will be subjected to the appropriate disciplinary proceedings in terms of the Company's Disciplinary Code which could result in the termination of their employment with the Company.

Depending on the severity of non-compliance on the part of Employee/ Representatives the following actions can be taken:

- Written warning,
- Training can be recommended,
- Coaching
- Dismissal
- Penalty in a form of deduction of commission earned by Representative

Amendments to this Policy:

NFS reserves the right to determine how this Policy applies to any particular situation and to amend or modify this Policy as it deems appropriate. All amendments that the Company may make to this Policy shall be communicated to Company employees.

Conflict of Interest Controls:

It is the responsibility of all NFS employees to maintain the good name and standing of the Company by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern the Conflict of Interest Management Policy.

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 stop or prevent any actions that are contrary to the content of this Policy and which could cause any harm to the Company as a result.

Below please see the control measures;

- Gifts Register
All employees are required to complete a Gift Approval Form (must be available in all NFS offices) prior to accepting gifts in instances where there is foreknowledge, i.e. where a person is sent an invitation to attend an event; be it corporate function or training intervention and / or any other event of value. Where there is no foreknowledge, employees are expected to declare such benefit to Risk and Compliance / Managers/Regional Heads within 24 hours of receipt of same. The recipient of such benefit may be requested to return or donate same should it be found that such benefit exceeds the limit.
- Ownership Interest and / or employment outside of the Company
All Employees are expected to declare on a bi-annual basis any interest they may have in any other companies outside of the Company. This includes any directorships, ownership interest, or other employment outside of the Company. Employees are expected to obtain written approval prior to accepting any

ownership interest in companies, directorship appointments, and other employment outside of the Company.

- Training Interventions

On an annual basis, Compliance will conduct FAIS and FICA Training to all employees and employees shall be assessed on the material to measure their level of awareness and understanding of the policy.

- Commissions

Regular monitoring of commissions and fees that are paid /received by business units.

Process, procedures and internal controls aimed at facilitating compliance:

NFS Training Dept./HR shall be responsible for the training of all employees within the various business units of the Company on the Conflict of Interest Management Policy. They will be supported, where necessary, by the Risk and Compliance. The relevant legislative provisions will be highlighted during training and pamphlets and educational material will be used to highlight the awareness and the importance of compliance with this Policy. **(I suggest that all representatives must be provided with copies of the policy and planning on the roll out training of all employees).**

Should any of NFS employee/officer be in doubt as to whether a particular conduct amounts to a Conflict of interest or not, that employee/officer must contact his immediate supervisor and/or the Risk and Compliance for clarity and guidance.

Things that can be adopted to mitigate Conflict of Interest situations:

NFS employees should avoid engaging in activities which will result into a conflict of interest. One must not use improper means to, for example, obtain business from a particular representative/broker if NFS 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 same to their immediate superior (must be recorded on the Gift Register). The above will enable the Company to decide whether or not to engage with the employee/transgressor in question.

NFS employees who are faced with a clear conflict of interest situation, must desist from continuing with any participation in such situation or activities. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this Policy, the employee must approach Risk and Compliance/or his Manager.

Intended results of the Conflict of Interest policy:

The policy is aimed at ensuring that clients are fully protected from undue and uncompetitive behaviour by product suppliers and /or their representatives. The ultimate objective is to ensure that clients at all times receive the best possible advice and /or intermediary service.

In situations where it is “impossible” to avoid 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.

Publication and reporting:

This Policy is available on the Company’s website **(As and when the website is up and running at the moment upon adopting the policy, every employee of the company must be provided with a copy)** .The Company’s annual FAIS Compliance Management report will include a report on accessibility, implementation, monitoring and compliance of this Policy.

Management of the Conflict of Interest:

This Policy forms part of the Risk Management framework of the Company. The Risk and Compliance Department of the Company is responsible for the identification and management of any existence of Conflict of interest. All queries regarding this Policy can be directed to Risk and Compliance.

Approval

The policy is approved by the Board of Directors of the Company.

Chairperson

Date

Company Secretary

Date