

# RISE

RETIREMENT INVESTMENTS AND SAVINGS  
FOR EVERYONE

## CONFLICT OF INTEREST MANAGEMENT POLICY

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## PURPOSE

The purpose of this conflict of interest policy is to establish the procedures applicable to the identification and resolution of conflicts of interest in the context of transactions or arrangements entered into by Retirement Investments and Savings for Everyone Proprietary Limited ("RISE") where an Interested Person may have a Financial Interest in or Fiduciary towards an individual or entity with which RISE is negotiating a transaction or arrangement. The determination that a conflict of interest exists does not prohibit RISE from entering into the proposed transaction or arrangement provided that the procedures set forth in Section 3 below are followed. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest.

RISE, all RISE employees (representatives in terms of FAIS as well as non-representatives) and RISE clients are bound by this Policy.

## DEFINITIONS

**"Associate"** means any subsidiary of RISE or any other company in the RISE Group.

**"Conflict of Interest"** is any situation, including financial interest, Ownership Interest, or any relationship with a third party, in which a Provider or employee has actual or potential interest that may:

- a. Influence the objective fulfilment of obligations to a client;
- b. Influence the offering of unbiased and fair advice or service to a client;
- c. Prevent the Provider or employee from acting in the best interests of a client.

This may include:

- a. Real or perceived financial gain resulting from recommendations to clients that prejudice the client;
- b. An outcome of service delivery or transaction that may not best serve the interests of the client;
- c. Non-cash incentives that may be received by the business as a result of affecting any predetermined transaction and/or product;
- d. Effecting a transaction and/or product that may benefit a party other than the client.

**"Compensation"** includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Gifts and favors include any gratuitous service, loan, discount or money, but does not include loans from a financial institution, ordinary "business lunches" or reasonable entertainment consistent with local social or business customs.

**"Employee"** for the purpose of this policy, will include:

- a) All directors and full-time employees of any associate of RISE;
- b) All temporary contracted employees;
- c) All employed representatives including independent financial advisors.

**"Exco"** means the RISE Executive Committee.

**"FAIS"** means the Financial Advisory and Intermediary Services Act, No. 37 of 2002.

**"Financial Interest"** Includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration.

A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.

“FSP” means a Financial Services Provider.

“Immaterial Financial Interest” is a financial interest with a determinable monetary value of which the aggregate from the same third party does not exceed R500 per calendar year.

“Ownership Interest” Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a propriety 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.

“Provider” means an authorised FSP registered as such with the FSCA.

“Third Party” means

- a) A product supplier;
- b) Another provider;
- c) An associate of a product supplier or a provider;
- d) A distribution channel or
- e) Any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) above who provides a financial interest to a provider or its representatives.

### Financial interests

The table below lists financial interest that are allowed, subject to prior approval and total expenditure not exceeding R 500.00 per employee during any one year; financial interest that is disallowed; and financial interest that is not subject to the Code and therefore does not require any prior approval in terms of this Policy.

Financial Interest Allowed	Financial Interest Disallowed	Financial interest allowed, but subject to prior approval and total expenditure not exceeding R500 per employee in any one year	Financial interest not subject to the Code and therefore not requiring prior approval
<p>Commission, in accordance with the Short-term Insurance Act, 1998 (Act No. 53 of 1998) (“the STIA”) and the Long-term Insurance Act, 1998 (Act No 52 of 1998) (“the LTIA”)</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Quotation; and/or</i></li> <li>• <i>Initial Disclosure Documentation; and/or</i></li> <li>• <i>Service Level Agreement with clients</i></li> </ul>	<p>Financial interest to an employee for giving preference to:</p> <ul style="list-style-type: none"> <li>• a quantity of business to the exclusion of quality to the client; and/or</li> <li>• a specific Product Supplier; and/or</li> <li>• a specific product</li> </ul>	<p>Hospitality e.g. meals, events etc</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal Gift Register</i></li> </ul>	<p>“Pay your own way” for entertainment or functions</p>

<p>Fees as provided for in the STIA and the LTIA</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Quotation; and/or</i></li> <li>• <i>Initial Disclosure Documentation; and/or</i></li> <li>• <i>Service Level Agreement with clients</i></li> </ul>	<p>Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, and any other incentive or valuable consideration not mentioned above, including travel and accommodation associated with allowed training.</p>	<p>Gifts</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal Gift Register</i></li> </ul>	<p>Compassionate flowers</p>
<p>Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA and LTIA are payable, provided the client has specifically agreed to the fees in writing and has discretion to stop them at any time.</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Quotation; and/or</i></li> <li>• <i>Initial Disclosure Documentation; and/or</i></li> <li>• <i>Service Level Agreement with clients</i></li> </ul>	<p>Training that is restricted to a select group of Providers or employees and that does not meet the conditions in item 8 under the "Allowed" column</p>	<p>Promotional items</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal Gift Register</i></li> </ul>	<p>Personal/private expenditure for employees</p>
<p>Fees for services rendered to a "third party", provided the fees are reasonably commensurate with the service rendered.</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Quotation; and/or</i></li> <li>• <i>Initial Disclosure Documentation; and/or</i></li> <li>• <i>Service Level Agreement with clients</i></li> </ul>	<p>Meals, except allowable meals provided during training</p> <p><i>Disclosure required:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal Gift Register</i></li> </ul>		
<p>Any financial interest with a determinable monetary value <b>not</b> exceeding R500 per Employee in any given year.</p> <p><i>Disclosure required:</i></p> <p><i>Internal Gift Register</i></p>	<p>No employees should be involved in any conduct constituting corruption or corrupt activities. Any such involvement will have a bearing on such persons' fitness and propriety to hold office and/or to provide a service.</p>		

Financial interest for which the Provider or Employee has paid fair value or remuneration reasonably commensurate to the financial interest. <i>Disclosure required: Conflict of Interest Register</i>			
Ownership Interest <i>Disclosure required: Conflict of Interest Register and Ownership Interest Register.</i>			
Training that is not restricted to a selected group; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service. <i>Disclosure required: Training Register.</i>	Where it relates to Funds, all costs of training, travel and accommodation must be paid for by the fund.		
Business related meals are only permitted where necessary for conducting the business of the fund			

## 1. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS

- 1.1 After disclosure of the Financial Interest or Fiduciary Responsibility and all material facts, and after any discussion with the interested person, he or she shall leave the board or committee meeting while the final determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- 1.2 A "trust test" can be conducted as to whether or not a conflict exists. The test entails enquiring whether one's clients or the public would trust one's judgment if they knew that one was involved in a particular situation or activity. If the answer to this enquiry is "yes", then the situation or activity does not give rise to a conflict of interest. However, if the answer is "no" or "maybe", then that particular situation or activity is likely to give rise to an actual or potential conflict of interest.
- 1.3 Irrespective of the "trust test", a conflict of interest will be deemed to have arisen if RISE provides "disallowed financial interest" as listed above or incurs expenditure in excess of R500 per employee, per annum.

## 2. HOW TO AVOID OR MITIGATE CONFLICT OF INTEREST

- 2.1 All expenditure incurred that forms part of "immaterial financial interest" will require the written consent of the Manager of the relevant Business Unit and must be recorded in the relevant Conflict of Interest Register. "Immaterial financial interest" is a financial interest with an aggregate annual value of R500 or less, given by a third party to the same employee or Financial Service Provider ("FSP").

- 2.2 Examples of expenditure that form part of “immaterial financial interest”, and which will be subject to specific approval and recording in the Conflict of Interest Register, include items listed in the “allowed, but subject to approval” column in the table above.
- 2.3 In exercising his discretion, the Manager must consider:
  - 2.3.1. The relevant Conflict of Interest Register;
  - 2.3.2. Any commission regulations or other laws which may be breached by the receipt of such gift or entertainment;
  - 2.3.3. A written statement from the giver explaining the reason for, and purpose of, the entertainment or gift that must accompany any request for authorisation.
- 2.4 If it has been established that a particular situation or activity gives rise to a conflict of interest, one must avoid that situation or refrain from that activity. However, if it is not possible to avoid the situation or refrain from the activity that gives rise to a conflict of interest, as confirmed by the Head of the affected RISE Business Unit, the Head of that Business Unit shall, prior to approving the relevant situation or activity:
  - 2.4.1 Establish the extent to which a specific employee is conflicted, i.e. the extent to which the employee acts on behalf of RISE, whilst also acting on behalf of a RISE client;
  - 2.4.2 Establish the extent to which RISE’s reputation would be damaged, if the situation or activity giving rise to a conflict of interest were to be brought to the public’s attention;
  - 2.4.3 Establish the estimated direct financial impact that a particular situation or activity would have on RISE;
  - 2.4.4 Consider how the financial interest is likely to affect the client;
  - 2.4.5 Consider whether RISE has an appetite to assume the risk, in light of the answers to the above considerations.
- 2.5 Decisions pertaining to particular potential conflict of interest situations, which fall within the definition of a “material conflict” of interest, must be taken in consultation with the Manager of the affected Business Unit. “Material conflict” is a conflict of interest whose monetary value exceeds R500 or that will directly impact RISE’s reputation.
- 2.6 Once it is decided that a conflict of interest is inevitable, the Head of the affected Business Unit must ensure that the effect of such conflict is mitigated by putting mitigation measures in place, including:
  - 2.6.1 Cost-sharing;
  - 2.6.2 Delivering a written communication to the relevant client, bringing the conflict of interest to the client’s attention;
  - 2.6.3 Requesting that the employee puts mitigating measures in place, including proactively disclosing the inevitable conflict to affected clients, in line with its conflict of interest management policy or in accordance with the Code, if the policy is not yet in place.

- 2.7 Each employee and representative of RISE has a duty to track any immaterial financial interest given to him or her by RISE, and to advise his or her Manager accordingly, as soon as RISE's expenditure towards that employee or representative reaches R500 in that particular year.
- 2.8 Where a conflict is identified and a decision is made in respect of the management thereof, the nature of the decision must be communicated to the employee in writing as soon as possible. The employee must in turn disclose the conflict to the client. This applies regardless of whether the decision was made to cease or continue the relevant activity, despite the existence of the conflict or potential conflict. It is important for the preservation of RISE's corporate integrity that these disclosures are made at all times. The decision must also be recorded in RISE's Conflict of Interest Register, together with the way in which it was resolved/mitigated.

### **3. HOW TO MANAGE CONFLICTS OF INTEREST**

- 3.1. In order to manage conflicts of interest, RISE must maintain a Conflict of Interest Register and an Internal Gift Register.
- 3.2. RISE has designated the Compliance Department to maintain these registers.
- 3.3. RISE employees must disclose, to the Compliance Department, any immaterial or material financial interest, as defined above, received from or given to an employee and/or representative. This disclosure must be made within one week after the relevant activity has taken place. Details regarding supporting documentation, such as receipts, must also be disclosed and recorded in the Conflict of Interest Register.
- 3.4. A person responsible for the maintenance of a Conflict of Interest Register must record disclosures made in the register. Such records must be made without delay. The person must also advise his Business Unit Head and RISE's Compliance Department immediately upon establishing that the disclosed activities of a particular employee have reached the annual monetary limit.
- 3.5. The Conflict of Interest Registers will be audited annually by RISE's Compliance Department, for the purpose of determining whether any financial interest given or received exceeded the aggregate value of R500 per employee and to determine whether any expenditure is duplicated across the respective Conflict of Interest Registers.
- 3.6. Key individuals, representatives and other employees must sign the Individual Declaration on an annual basis.

### **4. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST**

- 4.1. An interested person may make a factual presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. An interested person shall not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest, either formally at a board or committee meeting or informally through contact with individual board or committee members. In addition, the interested person should not be counted in determining whether a quorum is present for the

board or committee meeting at which the transaction or arrangement that results in the conflict of interest is to be voted upon.

- 4.2. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 4.3. After exercising due diligence, the board or committee shall determine whether RISE can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- 4.4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in RISE' interest and for its own benefit and whether the transaction is fair and reasonable to RISE and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

## **5. VIOLATION OF THE CONFLICTS OF INTEREST POLICY**

- 5.1 If the board or committee has reasonable cause to believe that an employee /representative\_ has failed to disclose actual or possible conflicts of interest, it shall inform the employee/representative of the basis for such belief and afford the employee/representative an opportunity to explain the alleged failure to disclose.
- 5.2 If, after hearing the response of the employee/representative and making such further investigation as may be warranted in the circumstances, the board or committee determines that the employee/representative has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective actions.

## **6. REPORTING OF CONFLICTS OF INTEREST**

- 6.1 The outcome of the Conflict of Interest Register audit shall be reported to the Chief Executive Officer, the FAIS Compliance Officer and the FAIS-appointed key individuals of RISE.
- 6.2 A board member, principal officer, deputy principal officer, employee of a retirement fund, auditor, valuator, administrator, employee of an administrator or Provider to a retirement fund has a duty to report to the Authority in writing, any material matter relating to the affairs of the retirement fund which, in their opinion, may seriously prejudice the financial viability of the retirement fund or its members.
- 6.3 Heads of Business Units, who have engaged in activities that have given rise to conflict of interest situations, are obliged to disclose to the RISE Executive Committee the detail pertaining to such activities, including the mitigation measures taken.
- 6.4 The monitoring of the Conflict of Interest Register will be done on a quarterly basis, by the Compliance Department and must include recommendations, regarding steps that will be taken to avoid a recurrence of such conflict of interest situations.

- 6.5 Discussions by the Executive Committee during their committee meetings, regarding conflicts of interest, must be recorded in the minutes of such meetings. The relevant extracts of the minutes must be made available to the FAIS Compliance Officer upon request, for the purpose of enabling the FAIS Compliance Officer to report on compliance with this Policy, as required by the Code.

## 7. RECORDS OF PROCEEDINGS

- 7.1 The minutes of the board and all committees with board-delegated powers shall contain:
- 7.1.1 the names of the persons who disclosed or otherwise were found to have a Financial Interest or a Fiduciary Responsibility in connection with an actual or possible conflict of interest, the nature of the Financial Interest or Fiduciary Responsibility, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed;
  - 7.1.2 the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the names of the persons who recused themselves from such discussion and votes, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

## 8. DISCLOSURES

- 8.1 Each Interested Person as and when changes occur, must complete a declaration form (as issued and amended by RISE from time to time and marked as Annexure A) identifying any relationships, positions or circumstances in which the Interested Person is involved that he/she believes could contribute to or result in a conflict of interest.
- 8.2 Where the conflict of interest could not be avoided, the Interested Persons are required to make written disclosure of such conflict to the directors and members of the committee at their earliest convenience, together with any action taken to mitigate the conflict. Such disclosures are required to be approved by the board.
- 8.3 RISE and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client. The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to:
- 8.3.1 The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
  - 8.3.2 Any ownership interest or financial interest, other than an immaterial financial interest, that RISE or its employees may become eligible for;
  - 8.3.3 The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict should be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction;

8.3.4 Inform the client of the existence of a COI policy and how same may be accessed.

## **9. CONSEQUENCES OF NOT ADHERING TO THE POLICY**

Violation of this Policy by a RISE employee and/or representative may result in disciplinary action being taken against the employee, in accordance with RISE's Disciplinary Code as amended from time to time. This may result in termination of the business relationship with the particular employee and/or representative.

## **10. CONSEQUENCES OF WITHHOLDING INFORMATION OR INACCURATE INFORMATION**

Provision of false or misleading information, or concealment of material facts relating to activities logged or that must be logged in a Conflict of Interest Register is, in addition to being a disciplinary action, a punishable offence. Such conduct can, on conviction, lead to a fine of up to R1 million or imprisonment for up to 10 years.

## **11. RISE'S ASSOCIATES AND THIRD PARTIES**

Conducting business with or via an "associate" or a "third party", as defined in the Code, may inherently give rise to a conflict of interest. As a result, the Code requires RISE to make a list of its associates available to interested parties, together with this Policy. The RISE structure, in which RISE's associates are listed, is attached as Annexure "A".

## **12. EMPLOYEE TRAINING AND GENERAL AWARENESS**

- 12.1. All RISE employees must be trained on this policy.
- 12.2. A copy of the Policy will be sent to all employees. A hard copy of the policy will also be made available for inspection in the Compliance Department.
- 12.3. Moreover, all the company's clients, existing and future, must be made aware of the existence of this Policy. The Policy must also be made available on RISE website for easy access.

## **13. REVIEW OF THE POLICY**

This Policy shall be reviewed by the Compliance Department annually and any changes to this Policy shall be communicated to all employees and clients.

# ANNEXURE A

## Associates

List of third parties as at 01/05/2020

Registration Number	Name
1997/022163/07	NBC Fund Administration (PTY) LTD
1999/021265/07	First World Trader (PTY)LTD
1998/023019/07	NBC Financial Services (PTY) LTD
1997/012056/07	NBC Holdings (PTY) LTD
1998/013637/06	Purple Group Limited
1967/011973/07	Sanlam Investment Management (PTY) LTD

## ANNEXURE B: CONFLICT OF INTEREST – ACKNOWLEDGEMENT AND DISCLOSURE FORM

1. **CONFLICTING ORGANIZATIONS**

I am a director, trustee, officer, representative of, or have a Financial Interest in the following organizations that have or may have a conflict with the interests of the RISE:

Organization and Title or Interest:

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2. **CONFLICTING ACTIVITIES/OBLIGATIONS**

I am involved in no activity or transaction, nor am I a party to any contract involving interests that are or could be found to be adverse to RISE except for the following:

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3. **CONFLICTING BUSINESS OPPORTUNITIES/COMMITMENTS**

I have not committed to, nor am I pursuing, any business opportunity that does or might adversely affect RISE except for the following:

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4. **CONFLICTING RELATIONSHIPS**

I do not have a Fiduciary Relationship with any person with whom RISE is pursuing a business opportunity except for the following:

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5. **OTHER POTENTIAL CONFLICTS**

Any other concerns I may have regarding actual or potential conflicts of interest are listed below:

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*I have received and reviewed RISE Conflict of Interest Policy, and to the best of my knowledge, I have accurately answered the above question*

---

Signature

Date

---

Printed Name

# ANNEXURE C

## Conflict of Interest Register

### Purpose of FAIS

To record the incidence of conflicts of interest by the FSP to ensure compliance with the requirements of FAIS and other legislation. This register should act as a summary document with more detailed history contained in the conflicts file, where appropriate.

This register will be maintained by the Compliance Department.

Ref no and ID no of conflicted person	Received by	Received from	Date Received	Referred internal	Description of conflict (add attachment or brief detail)	Activity update	Status	Outcome Description /Comments and Learning

**PERSONNEL ACKNOWLEDGMENT**

**By signing this document, I acknowledge that I have read and understand the Policy**

Name & Date	Signature
Name & Date	Signature
Name & Date	Signature
Name & Date	Signature
Name & Date	Signature
Name & Date	Signature