



# CONFLICT OF INTEREST

FSP | 33843



## A. INTRODUCTION

This Conflict of Interest Policy document, serves as a guideline to Sentio Capital Management staff, Directors, agents and other contractors. It serves as a basis for the governance policy around conflicts of interest, as agreed and defined by the Board of Directors and as per prior resolutions of the Board. Its philosophy is a guideline and is by no means an exhaustive view of the fiduciary relationship between Sentio Capital Management (“Sentio”) and its staff and agents. In the final analysis, this policy must be read with all other Governance guidelines and policies of Sentio Capital. In addition, it is expected that all Sentio employees, officers and agents (temporary and permanent) hold themselves liable to the highest governance standards and that all conflicts of interest will be dealt with timeously in an honest, ethical and professional manner.

## B. FINANCIAL INTEREST OF SENTIO EMPLOYEES AND AGENTS

All employees, officers, agents or contractors representing Sentio in any way (whether temporary or permanent) are required to declare their financial interest in or from any activities outside of Sentio, in writing to the Board. Permission to maintain a financial interest or to work in financial services or in related fields will not be granted as this would constitute operating in competition with Sentio and would contravene both this agreement as well as other employment and agent contracts. Verbal or tacit declaration by omission or by continuance does not constitute permission from Sentio or its Board. For the declaration to be valid, it has to be in writing and agreed in writing by the Board. This declaration does not absolve the relevant employee, officer, agent or contractor from further declaration of financial interest, even if permission was granted on a prior occasion.

Each event or interest must be seen as an independent situation and permission to continue with the said financial interest must be specific and in writing. In addition, any employee, officer, agent or contractor must renew their request for continuing with financial interests outside Sentio every 12 months, even if prior permission was granted. Each renewal for permission will also be treated independently as a new request and will not automatically be renewed. All requests for permission to continue financial interests outside Sentio must be detailed, in writing and must provide full disclosure. Incomplete disclosure would

automatically result in previously granted permission being not valid and would constitute a breach of employment or other contracts with the affected parties.

### C. MECHANISMS FOR IDENTIFYING COI

1. This document embodies the Conflict of Interest Management Policy for Sentio.
2. “Conflict of interest” means any situation in which Sentio or its representatives 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 Sentio or its representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to:
  - i. a financial interest;
  - ii. an ownership interest;
  - iii. any relationship with a third party (“third party” means:
    - a) a product supplier;
    - b) another provider;
    - c) an associate of a product supplier or a provider;
    - d) a distribution channel;
    - e) Any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.
3. The primary objectives of this Policy are:
  - a) To provide guidance on the behaviours expected in accordance with Sentio standards;
  - b) To promote transparency and to avoid business-related COI;
  - c) To ensure fairness in the interests of employees and Sentio;
  - d) To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
  - e) To provide a mechanism for the objective review of personal outside interests.

4. Sentio is committed to ensuring that all business is conducted in accordance with good business practice. To this end Sentio conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real or potential conflict of interest (COI).

Sentio and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Sentio and a client or its representative and a client.

#### D. FINANCIAL INTEREST

1. Sentio Capital Management or its representatives may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers from time to time and as set out in Annexure A hereto.
2. “Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:
  - i. an ownership interest;
  - ii. 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; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
3. Sentio Capital Management may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR 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 of a product supplier, where a representative may recommend more than one product supplier to a client.

#### E. RESOLVING COI

1. The first and most important line of defence against COI or commitment must be by the key individuals and representatives themselves.

## F. POTENTIAL COI THAT COULD AFFECT SENTIO

1. The following are potential COI that could affect Sentio:
  - i. Directorships or other employment;
  - ii. Interests in business enterprises or professional practices;
  - iii. Share ownership; iv. beneficial interests in trusts; v. personal Account Trading;
  - iv. Professional associations or relationships with other organisations;
  - v. Personal associations with other groups or organisations, or family relationships;
  - vi. Front running;
  - vii. Rebates;
  - viii. Kickbacks; and
  - ix. Commission.

## G. MEASURES TO AVOID COI

1. No Director/ Shareholder/ Employee are permitted to have any involvement or financial interest in any financial service provider other than Sentio.
2. All staff members must follow Sentio's PA trading policy in trading for their personal or family account.
3. Sentio does not receive/pay any kickbacks/rebates from/to any service provider.
4. All staff gifts must be declared to a Sentio director and recorded in Sentio's gift register.
5. No gift must exceed a value of R1000.

## H. DISCLOSURE OF COI

1. At the earliest reasonable opportunity, Sentio and its representative must, in writing, disclose to a client any COI in respect of that client including –
  - i. Measures taken to avoid or mitigate the conflict;
  - ii. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
  - iii. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.

2. At the earliest reasonable opportunity, Sentio and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
  3. Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, and head of the department or key individual.
  4. In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Sentio.
  5. Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.
- I. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY
1. Every staff member must have a copy of the Conflicts of interest Management Policy.
  2. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.
- J. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES
1. Non-compliance with this policy and the procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that may lead to dismissal.
- K. LIST OF ALL SENTIO CAPITAL MANAGMENT ASSOCIATES
1. None
- L. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST
1. None

M. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER

1. None

N. INCLUDE THE NATURE AND EXTENT OF THE OWNERSHIP INTEREST REFERRED TO IN PARAGRAPHS K AND L

1. None

## ANNEXURE A - FINANCIAL INTEREST

The Registrar of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. 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;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
  - a. are specifically agreed to by a client in writing; and
  - b. may be stopped at the discretion of that client;
- v. 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;
- vi. Subject to any other law, an immaterial financial interest\*;
- vii. A financial interest, not referred to under sub-paragraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate

### **Note**

\* “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) a provider who is a sole proprietor; or
- b) a representative for that representative’s direct benefit; or
- 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.

ANNEXURE B- GIFTS REGISTRY

Name of Key Individual / Representative	Date on which gift was received	Source of gift	Type of gift	Value of gift