

CONFLICT OF INTERESTS MANAGEMENT POLICY

AUTOMATED OUTSOURCING SERVICES (PTY) LTD T/A ITRANSACT (FSP 650)

BACKGROUND

As an organisation offering financial services to clients, the company may from time to time have an interest which conflicts with the interests of its clients/investors. It is also possible that conflicts could arise between the parties over time.

This conflict of interest policy is directed not only to Directors but to all Employees i.e. management or any staff member that has access to confidential information and is designed to assist employees in identifying situations that could present potential conflicts of interests and to provide the company with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though the responsible person has or may have a conflict of interest with respect to the said transaction.

1. PURPOSE OF A CONFLICT OF INTEREST MANAGEMENT POLICY

- To establish internal controls and mechanisms towards the identification of conflicts of interest;
- To establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore;
- To establish measures to ensure that any unavoidable conflicts of interests are mitigated;
- To establish measures to ensure the proper disclosure of any conflicts of interest;
- To establish processes, procedures and internal controls to facilitate compliance with the policy;
- To communicate the consequences of non –compliance with the policy.

2. IDENTIFYING CONFLICTS OF INTEREST

Types of transactions in which conflicts might arise:

- Real or perceived financial gain resulting from recommendations to our clients at a cost to the client.
- An outcome in service delivery or a transaction executed that may differ from the real interest of the client.
- Any non-cash incentives that may be received by the business from affecting any predetermined transaction and / or product.
- Effecting a transaction and / or product that may result in a benefit to another party other than the client.
- Supplying of services to third parties.
- Dealings with other organisations.
- Dealing in property.
- The investment and borrowing of funds and an interest in a business unrelated to the business of the company.
- Compensation arrangements and employment contracts directly affecting the person / employee involve obvious conflicts.
- Use of confidential information which includes but does not limit whether it is for the benefit of a similar or competitive organisation.
- The potential conflict or activity would result in the reputational risk to the company.

3. FINANCIAL INTEREST (GIFTS, GRATUITIES AND ENTERTAINMENT, FEES ETC.)

The company may only receive or offer the following financial interest:

- receive commissions authorised in terms of applicable legislation; or
- fees authorised in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered; or
- fees for the rendering of a service which is not covered by legislation and are specifically agreed to by a client in writing and may be stopped at discretion of the client; or
- a limited immaterial financial interest as defined; not more than a R1000 per annum; or
- A financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the provider or representative at time of receipt thereof.

In an attempt to avoid conflict of interest, the company will not offer any financial interest to any third party for:

- giving preference to the quantity of business secured for the provider to the exclusion of quality service;
- giving preference to a specific product supplier where more than one supplier can be recommended to a client;
- giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

No gifts, gratuities, entertainment, or other benefits to be given or accepted in order to attract or influence business activity.

Note that the R1, 000 limit applies per consultant / key individual and not per FSP or product supplier.

This includes but is not limited to:

- Meals;
- Golf days;
- Gifts;
- Tickets for sporting events.

Excluded from the above prohibition is bona fide training on products and or technical systems, or general industry information sessions but;

- the sessions cannot be limited to only a selected group of people;
- we must invite all Financial Advisors not just those with largest volume of assets;
- all Financial Advisors have to pay for their own costs.

All fees, commission and remuneration received / paid by us must be recorded.

All vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, **given** or **received** must be declared irrespective of value and entered into the gifts register.

4. MANAGEMENT AND MITIGATION OF CONFLICTS

In terms of section 3A(2)(b)(i)(bb) of the General Code of Conduct of the FAIS Act, a conflict of interest management policy must provide measures for the avoidance of conflicts of interest and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest.

All employees are responsible for identifying specific instances of conflict:

- In the event an employee recognises or suspects any actual or potential conflict of interest, he / she will be obliged to timeously and fully disclose any such conflict of interest to the company by reporting it to their **Senior Manager** and **Human Resources**, who with Compliance shall determine whether there exists a conflict of interest that is subject to this policy and assess as to whether it is of a material significance, taking into consideration the impact that such a conflict will have on the company's reputation or financial position.
- All conflicts must be discussed with the Directors before any decision is made.
- Once a conflict has been identified, the necessary controls will be put in place in order to appropriately and adequately manage the conflict.
- Maintain appropriate reporting to ensure the integrity of the conflicts of interest management process, which will be reviewed annually.
- Maintain a register of identified conflicts of interest, which will be updated upon the occurrence of a conflict of interest. An example and/or copy of the register will be attached hereto marked annexure A.
- Training on the conflict of interest policy will be provided to all employees on an annual basis.
- Compliance will maintain and monitor all documentation to ensure that the policy is being complied with.
- Non-compliance with this Policy can result in disciplinary action being taken against the employee, including possible termination of services.

5. DISCLOSURE OF CONFLICTS OF INTEREST

In terms of section 3A(2)(b)(i)(cc) of the General Code of Conduct of the FAIS Act, a conflict of interest management policy must provide measures for the disclosure of conflicts of interest. The company must make appropriate disclosures to third parties, as part of its arrangement to manage conflicts of interest.

Therefore, where a conflict is identified and a decision is made, it must be disclosed in writing at the earliest reasonable opportunity to the client that their interests may be compromised with regards to the transaction. This includes disclosing to the client the measures taken to avoid or mitigate the conflict, any ownership interest or financial interest other than an immaterial financial interest that we or our Representatives may be or become liable for and the nature or any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to our client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest. This applies regardless of whether the decision was made to cease doing business or continue with the business at hand despite the existence of the conflict.

It is furthermore acknowledged that, whilst a clearly identified conflict of interest will not necessarily cause the provision of financial advice to a client to be significantly compromised, it should nonetheless be

disclosed to the client. The client must be afforded the opportunity to decide for him/herself whether the conflict of interest is significant and to what extent he/she will rely on the advice or intermediary service.

On the discovery and identification of a conflict of interest and the subsequent determination of its unavoidability, the following disclosure processes will be implemented on behalf of the client:

- Full disclosure of the actual and potential conflict of interest must be made to the client at the earliest reasonable time.
- The disclosure must be made before or when the financial service is provided, but in any case at a time that allows the client a reasonable time to assess its effects.
- Disclosure must be formulated in such a way as to be considered prominent, specific and meaningful to the client.
- The disclosure must be made in such a way as to allow the client to make an informed decision as to whether to continue with the financial services.
- The disclosure must indicate the nature of the relationship or arrangement with third party that gives rise to the conflicts of interest.
- The disclosure must indicate whether the conflict of interest is based on financial is based on a financial and/or ownership interest.
- The disclosure must indicate any ownership interest held with a product supplier in accordance with section 4(1) (d) of the General Code of Conduct of the FAIS Act.
- Where the disclosure is provided orally, the disclosure must be confirmed in writing within 30 days of such said disclosure.
- The written disclosure must be communicated by hardcopy, telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form.
- The written confirmation of disclosure must be provided by means of standard forms or format in a clear and readable print size, spacing and format.
- The reasons for the conflict of interest's unavoidability must be made available to the client on request.
- The conflict of interest policy must be made available to the client on request.
- The company gift register must be made available to the client on request.

6. FACILITATION OF COMPLIANCE WITH THE POLICY

In terms of section 3A(2)(b)(i)(dd) of the General Code of Conduct of the FAIS Act, a conflict of interest management policy must provide processes, procedures and internal controls to facilitate compliance with the policy.

The processes associated with the implementation and continued compliance of the conflict of interest management policy must be performed by the governing body of the company as well as the appointed Compliance Officer.

Internal control and processes include the following:

- The governing body of the company will ensure that the policy is kept on the compliance file and the appointed Compliance Officer will confirm its adoption as part of the FSP's quarterly feedback report.

- The governing body of the company will ensure all the relevant staff sign the policy and the appointed Compliance Officer will confirm such signature as part of the FSP's quarterly feedback report.
- The governing body of the company will ensure that the annual review of all contracts held with third parties and the appointed Compliance Officer will confirm such review as part of the FSP's feedback report.
- The governing body of the company will ensure that all declarations confirming the presence or absence of any actual or potential conflict of interests are signed on a quarterly basis and the appointed Compliance Officer will confirm such declarations as part of the company quarterly feedback report.
- The governing body of the company will ensure that a list of all the FSP'S associates are attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report.
- The governing body of the company will ensure that a list of all the parties in which the company holds an ownership interest is attached hereto and updated annually. The appointed Compliance Officer will confirm such updates as part of the company feedback report.
- The governing body of the company will ensure that a list of all third parties that holds an ownership interest in the FSP is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the company feedback report.
- The governing body of the company will ensure that all gifts received from third parties with an estimated value of R50 or more are recorded in the company gift register. The appointed Compliance Officer will confirm that such register is in place as part of the company quarterly report.
- The governing body of the company will ensure that all records associated with the identification of actual or potential conflict of interest are kept on the compliance file. The appointed Compliance Officer will confirm such records of the company on the quarterly report.
- The governing body of the company will ensure that proper disclosure requirements are communicated to the client. The appointed Compliance Officer will confirm such disclosure as part of the quarterly feedback report.

The policy will be:

- Overseen by the governing body of the company who carry the responsibility for the implementation, reviewing and updating the policy's associated processes.
- Reviewed at least annually and where necessary updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest.
- Regularly reviewed by the appointed Compliance Officer and where necessary updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest.
- The annexure section of this policy must be reviewed updated and signed by the nominated Key Individual on an annual basis.
- The annexure section of this policy must be reviewed, updated and signed by the appointed Compliance Officer on an annual basis.

7. CONSEQUENCES OF NON-COMPLIANCE

In terms of section 3A(2)(b)(i)(ee) of the General Code of Conduct of the FAIS Act, a conflict of interest management policy must provide for the consequences of non-compliance with the policy by the company and its employee.

Where there is reason to believe that an employee or representative has failed to disclose an actual or potential conflict of interest via the proper communication channels, the FSP will proceed to conduct an investigation and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by the FSP, its clients or any other third party.

Where an investigation concludes that an employee or representative of the FSP has indeed failed to disclose an actual or potential conflict of interest, the FSP shall immediately take appropriate disciplinary steps and corrective actions against such employee or representative. 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.

8. ANNUAL DISCLOSURE

This policy shall be reviewed at least annually by the Board of Directors. Any changes to the policy shall be communicated immediately to all employees.

All employees are required to read the policy and sign a declaration form acknowledging that they understand the contents of the policy

9. ASSOCIATES AND OWNERSHIP INTEREST

Refer Appendices.

Annexure A

Basis of Representatives Financial Interest:

In terms of Section 3A (2)(b)(ii) of the General Code of Conduct, a conflict of interest management policy must specify the type of and the basis on which a representative will qualify for a financial interest that the provider will offer a representative and motivate how that financial interest complies with section 3A(1)(b). Currently the company employs no representatives.

Annexure B

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 the company's' associates.

Associate's Name	Type of Relationship
Pan-African Automated Services (Pty) Ltd	Holding company of Automated Outsourcing Services (Pty) Ltd
Investors Independent Nominee (Pty) Ltd	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Guernsey International Management Company Limited	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Nabla Business Solutions Limited	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Basien (Pty) Ltd	50% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd
Itransact Fund Managers (Pty) Ltd	50% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd
Sunstrike Capital (Pty) Ltd	55% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd

Annexure C

Ownership Interest (FSP):

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 company holds an ownership interest.

Name of 3rd party in which the FSP holds an ownership interest:	Nature and extent of ownership interest:
Investors Independent Nominee (Pty) Ltd	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Guernsey International Management Company Limited	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Nabla Business Solutions Limited	Subsidiary of Automated Outsourcing Services (Pty) Ltd
Basien (Pty) Ltd	50% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd
Itransact Fund Managers (Pty) Ltd	50% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd
Sunstrike Capital (Pty) Ltd	55% owned Subsidiary of Automated Outsourcing Services (Pty) Ltd

Annexure D

Ownership Interest (3rd Parties):

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 company.

Name of 3rd party that holds an ownership interest in the FSP:	Nature and extent of ownership interest:
Pan-African Automated Services (Pty) Ltd	Holding company of Automated Outsourcing Services (Pty) Ltd