

## Conflict of Interest Management Policy

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**Company Secretary:** KM Mashego

## **1. Policy Objectives**

This policy is designed to assist staff in identifying situations that could present potential conflicts of interest, how to avoid such conflicts, and to comply with – compliance requirements set out in the Companies Act, Conduct Standard for Banks and the Regulations of the Financial Advisory and Intermediary Services Act.

The Bank makes every effort to eliminate any activities and services which may constitute or develop into a conflict of interest.

The Bank expects its employees to perform their duties conscientiously, honestly and in accordance with the best interests of the Bank and its customers.

Employees must not use their position or knowledge gained through their employment with the Bank for personal or private advantage, or in such a manner that a conflict or appearance of a conflict, arises between the Bank's or customer's interests and the employees' personal interest.

## **2. Introduction**

In terms of the General Code of Conduct for Authorised Financial Services Providers and their Responsible persons of 2003 ('the code'), as amended, the Provider and its responsible persons must:

- 2.1. avoid, and where this is not possible, mitigate any conflict of interest between the Provider and a client or the responsible person and a client,
- 2.2. prepare and adopt a Conflict of Interest Management Policy, in terms of which conflicts of interest between the Provider and a client or the responsible person and a client will be managed,
- 2.3. at the earliest reasonable opportunity, inform a client in writing of the Conflict of Interest Management Policy ('this policy') and how it may be accessed,
- 2.4. at the earliest reasonable opportunity, disclose to a client in writing any conflict of interest in respect of that client,
- 2.5. at the earliest reasonable opportunity, disclose to a client in writing the measures taken in accordance with this policy to avoid or mitigate the conflict,
- 2.6. at the earliest reasonable opportunity, disclose to a client in writing any ownership interest or financial interest, other than an immaterial financial interest, that the Provider or responsible person may be or become eligible for, and
- 2.7. at the earliest reasonable opportunity, disclose to a client in writing the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest.

Bidvest Bank adopts this policy to manage conflicts of interests between the provider and a client or the responsible person and a client as required by the code.

### 3. Definitions

Aggregate	For purposes of this policy, a total amount made up of smaller amounts that are incurred or received in a calendar year.
Related Party	Includes with regard to a natural person a spouse, life or civil union partner, a child, stepchild, adopted child or illegitimate child, a parent or stepparent, a trustee of that person, the spouse, life or civil union of any of the above persons or a commercial partner. With regard to a juristic person, in the case of a company, it includes a 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. It also includes a member of a close corporation.
Client	A specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or who is the successor in title of such a person or the beneficiary of such service.
Code	The General Code of Conduct for Authorised Financial Services Providers and Responsible Persons, 2003 (as amended).
Conflict of Interest	<ul style="list-style-type: none"> <li>• Any situation in which the provider of the responsible person has an actual or potential interest that may influence the performance of obligations to the client.</li> <li>• Any situation that can prevent the provider, a responsible person or a key individual from rendering an unbiased and fair financial service to the client or from acting in the best interest of the client.</li> <li>• A conflict of interest could include a financial interest, an ownership interest or any relationship with a third party but is not limited to these three.</li> </ul>
Disclosure	A duty by a Financial Services Provider to disclose an actual or potential conflict of interest relating to the rendering of a financial service to a client within a reasonable time to enable the client to make an informed decision.
Distribution Channel	Any arrangement between a product supplier or any of its associated and one or more Providers, in terms of which arrangement any support or service is provided to the product supplier in rendering a financial service.
FAIS	The Financial Advisory and Intermediary Services Act, 37 of 2002 (as amended).

Financial Interest	This includes cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration.
Immaterial Financial Interest	Any financial interest received from a third party that has a determinable monetary value and, when combined / aggregated, does not exceed R1000 in a calendar year from the same third party.
Ownership Interest	Any equity or proprietary interest for which fair value was paid by the owner at the time such interest was bought, which includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
Responsible Person	<ul style="list-style-type: none"> <li>• Directors and officers of the Provider, whether acting individually or collectively,</li> <li>• Employees who are key individuals as envisaged in FAIS,</li> <li>• Employees who are responsible persons as envisaged in FAIS,</li> <li>• All employees of the Provider, and</li> <li>• Any person or group of persons who can influence the activities of the Provider,</li> <li>• The Provider, a Financial Services Provider as envisaged in the Financial Advisory and Intermediary Services Act, 37 of 2002 ('FAIS'), and more specifically, a third party includes: <ul style="list-style-type: none"> <li>○ a product supplier,</li> <li>○ another Provider,</li> <li>○ an associate of a product supplier or a Provider, a distribution or channel, and / or</li> <li>○ any person who, in terms of an agreement with any of the parties above, provides a financial interest to the Provider or its responsible person. This includes all service Providers who have service level agreements with the Provider to render services to clients on behalf of the Provider.</li> </ul> </li> </ul>
The Provider	A Financial Services Provider as envisaged in the Financial Advisory and Intermediary Services Act, 37 of 2002 ('FAIS').

#### 4. Areas in which a Conflict of Interest may arise

A conflict of interest will arise where the provider or a responsible person has an actual or potential interest in another financial service provider that may, in rendering a financial service to a client, influence the objective performance of his or its obligations to that client or prevent the Provider or the responsible person concerned from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client.

A conflict of interest will arise where the Provider or a responsible person recommends to a client a financial service from a third party from whom the provider or the responsible person making the recommendation has received or receives cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration other than that permissible in terms of this policy.

A conflict of interest will arise where the provider or a responsible person recommends to a client a financial product from a product supplier in which the provider or the responsible person that makes the recommendation owns equity or proprietary interest for which fair value was paid at the time of acquisition. The equity or proprietary interest includes dividends, profit share or similar benefit derived from that equity or proprietary interest.

A conflict of interest will arise where the provider or its responsible person renders a financial Service to a client that involves another product supplier, a Provider or their respective associates, or a distribution channel from whom the Provider or the responsible person receives a financial interest other than that permissible in terms of this policy.

Common types of transactions where a conflict of interest may arise include, for example, the selection and use of consultants or other professional advisors, the selection or supervision of contractors, suppliers, or vendors, the sale of products, the purchase of materials, supplies and equipment, the investment and borrowing of funds and an interest in a business unrelated to the business of the Provider.

For purposes of this policy, the following circumstances shall be deemed to create conflicts of interest:

#### **4.1. Outside Business Interest**

- 4.1.1. The Bank has a range of expertise, which are often attracted to serve in outside activities. In some instances, such participation could create a conflict of interest. Based on their expertise, employees are often invited to participate on external boards or trusts as non-executive directors or trustees and in activities beyond their work schedule within the Bank.
- 4.1.2. The Bank recognises the benefit of staff involvement in outside activities from a development perspective, however, Bank employees are encouraged not to conduct outside business interest that could interfere with their contractual responsibilities or result into conflict of interest.
- 4.1.3. The following instances may result in an Outside Business Interest:
  - 4.1.3.1. A responsible person competing with the Provider in the rendering of services or in any other contract or transaction with a third party.

4.1.3.2. A responsible person having a material financial interest in or serving as a director, officer, employee, agent, partner, associate, trustee, personal responsible person, receiver, guardian, custodian, conservator or other legal responsible person of, or consultant to an entity or individual that competes with the Provider in the provision of services or in any other contract or transaction with a third party.

4.1.3.3. A contract or transaction between the Provider and a responsible person or family member of the responsible person.

4.1.4. A contract or transaction between the Provider and an entity in which a responsible person or family member has a material financial interest or of which such person is a director, officer, agent, partner, associate, trustee, personal responsible person, receiver, guardian, custodian, conservator or other legal responsible person.

## **4.2. Gifts, Gratuities and Entertainment**

4.2.1. A responsible person or a family member may not accept from a third party any gift to the value of more than **R1000** or any other similar benefit where the gift or benefit. Results out of the course of the responsible person's duties towards or relationship with the Provider.

4.2.2. Gifts of cash or cash equivalents from a third party to a responsible person of any amount is not permitted.

4.2.3. If a responsible person is offered any cash or gift to the value of more than **R1000** or similar benefit from a third party, he/she should immediately report it to their direct supervisor or the CEO or the Compliance Officer following the line of protocol applicable to him/her.

4.2.4. The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to the business relationship and associated with business discussions are regarded as consistent with sound business practice. Unusual items (e.g. overseas trips, holidays etc.) however, must be reviewed and approved in advance by the Risk Committee of the Provider.

4.2.5. A responsible person may not accept gifts, entertainment or other favours from any individual or entity that does or is seeking to do business with, or is a competitor of the Provider, or

4.2.6. has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from the Provider, under circumstances where it might be inferred that such action was intended to possibly would influence the responsible person in the performance of their duties.

4.2.7. Acceptable gifts and entertainment generally fall into the following categories:

- Occasional meals of reasonable expense with a business partner,
- Ordinary sports, theatre and other cultural events of a nominal value,
- Other gifts of nominal value or reasonable entertainment,
- An offer, gift, entertainment or anything of value may not be accepted or given if

it is:

- o Illegal or would result in a violation of law;
- o Cash or a cash equivalent, (such as gift certificates, loans, stock, or stock options)
- o A '*quid pro quo*' or part of an agreement requiring anything in return for the gift,
- o Gifts, gratuities or entertainment to government officials may never be offered or provided without prior written approval of the Board of Directors.

#### **4.3. Related Parties**

A related party is a person or entity that is related to the Provider that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person:

- 4.3.1. has control or joint control of the reporting entity,
- 4.3.2. has significant influence over the reporting entity, or
- 4.3.3. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

#### **5. Persons to whom this policy applies**

This policy applies to:

- 5.1. directors and officers of the Provider, whether acting individually or collectively,
- 5.2. employees who are key individuals as envisaged in FAIS,
- 5.3. employees who are responsible persons as envisaged in FAIS,
- 5.4. all employees of the Provider, and
- 5.5. any person or group of persons who can influence the activities of the Provider.

The policy is further applicable to any of the following entities or individuals within Bidvest Bank Limited:

- A product supplier,
- Any other business unit, division, legal entity who may be regarded as a 'third party' as defined in Board Notice 58 of 2010,
- Any employee of any of the entities mentioned above, who may, on behalf of the entity,
- Any representative of any FSP listed above, who is mandated to provide FAIS Act financial services,
- Any key individual who has been approved by the Registrar of Financial Services to manage and oversee compliance of a FSP with the requirements of the FAIS Act.

## **6. Roles and Responsibilities**

### **6.1. Group Executive Committee**

The Group Executive Committee must:

- 6.1.1. Adopt and approve this policy, and
- 6.1.2. have ultimate responsibility to ensure that control measures in respect of conflict of interest is implemented within the Bank, this responsibility can be delegated to management.

### **6.2. Business Area Heads**

A Business Area Head must:

- 6.2.1. ensure that all staff members within his/her unit are aware of this policy,
- 6.2.2. approve or make a final decision or declarations referred to him/her,
- 6.2.3. ensure that all declarations are referred to the Compliance Officer,
- 6.2.4. keep a register in his/her area listing all the declarations and if such declarations were approved or declined, such register must be available at all times for monitoring and Auditing purposes and must be updated whenever a change in the employees' interests is declared,
- 6.2.5. submit a signed copy of the register to Human Capital.

### **6.3. Direct Supervisor / Line Manager**

Direct Supervisor / Line Manager must:

- 6.3.1. create awareness of this policy in her/his area,
- 6.3.2. advise her/his staff members of the declaration process,
- 6.3.3. make a decision on declarations made to her, where unsure, refer to the Business Area Head,
- 6.3.4. submit a list with all the declarations that she/he approved or declined and reasons to the Business Area Head for recording,
- 6.3.5. ensure that the approval process is followed,
- 6.3.6. where unsure, refer declarations to the Business Area Head.

### **6.4. Human Capital**

Human Capital must:

- 6.4.1. ensure that upon employment, all employees declare their conflicts and/or outside business interest or lack thereof,
- 6.4.2. refer all declarations to the Business Area Head for approval,
- 6.4.3. keep a record of all declarations made to Human Capital at boarding / transfers and submit a copy to Business Area Head for recording,
- 6.4.4. review all approved declarations at appraisal time to ascertain that the original intention continues to exist.



### **6.5. Compliance Department**

Compliance Department must:

- 6.5.1. provide required assistance where a declaration has been referred to the department,
- 6.5.2. monitor adherence to this policy and ongoing procedures,
- 6.5.3. advise Business Area Head on the principles of this policy, taking into account the needs and requirements of specific business units,
- 6.5.4. create ongoing awareness on this policy and the reporting processes,
- 6.5.5. query and refer to the Business Area Head all declarations that have been approved that are not in accordance with this policy or where there is no evidence of the principles in terms of the minimum requirements being applied,
- 6.5.6. monitor the declarations review process at appraisal time,
- 6.5.7. provide training and awareness to employees in relation to this policy and any processes and procedures emanating from it,
- 6.5.8. submit on a quarterly basis the conflict of interest register to the Procurement and Audit Committee for noting.

### **6.6. Staff members (affected person)**

Staff members must:

- 6.6.1. read and understand this policy and procedures emanating from it,
- 6.6.2. declare all their (including their spouse or partner) conflicts and outside business interest or lack thereof in terms of this policy,
- 6.6.3. obtain written approval from the Business Area Head to proceed with an outside business interest,
- 6.6.4. inform their line manager of any changes in their declarations as soon as they exist, and Where a declaration was approved, any changes to such a declaration must also be communicated to the line manager to obtain further approval.

## **7. Management of Conflict of Interest**

### **7.1. Principles**

- 7.1.1. The Provider or a responsible person must avoid a conflict of interest.
- 7.1.2. Where it is not possible to avoid a conflict of interest, a financial service may still be rendered to a client, provided that the following requirements are met:
  - 7.1.2.1. The Chief Financial Officer and Compliance Officer of the Provider have been Informed, within three days or as soon as is reasonably possible, of the conflict and they have signed off with in five days or as soon as is reasonably possible,
  - 7.1.2.2. the client is informed in writing immediately before a transaction is concluded, or if not possible, soon thereafter, or the conflict of interest in sufficient detail to enable the client to understand the exact nature of the conflict of interest and make an informed decision,

- 7.1.2.3. the client is informed of the existence of this policy and how the client can access it free of charge,
- 7.1.2.4. the client is informed in writing of the measures the Provider, or the responsible person will take in terms of the policy to mitigate the conflict, and
- 7.1.2.5. the client is advised of his/her legal options.

## **7.2. Permissible Financial Interest**

- 7.2.1. Fees or remuneration for the rendering of a service from or to a third party, which fees or remuneration is reasonably commensurate with the service being rendered.
- 7.2.2. The Provider or a responsible person is entitled to receive, subject to any other law and the provisions of this policy, an immaterial financial interest as defined in Section 2 above.
- 7.2.3. The Provider or a responsible person is entitled to receive a financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate with the value of the financial interest, is paid by the Provider or the responsible person at the time of receipt thereof.

## **7.3. Impermissible Financial Interest**

- 7.3.1. The Provider may not offer any financial interest to its responsible persons for giving preference to the quantity of business secured for it to the exclusion of the quality of the service rendered to clients.
- 7.3.2. The Provider may not offer any financial interest to its responsible persons for giving preference to a specific Provider or third party, where the responsible person may recommend more than one Provider or third party to a client.

## **7.4. Immaterial Financial Interest**

- 7.4.1. Notwithstanding the provisions of this policy, the Provider and any of its responsible persons may receive from or give to any third party a financial interest not included above with a determinable monetary value, the aggregate of which interest does not exceed R1000 in any calendar year from or to the same third party. In the case of such interest being received, it may be received by:
  - a responsible person for that responsible person's direct benefit; or
  - the Provider for its benefit.
  - every employee of the Provider or responsible person receiving or offering an immaterial financial interest must capture every such immaterial interest received or given on the gifts register and ensure that the limit set in this policy is not exceeded in any calendar year.

- 7.4.2. The Compliance Officer will, on a regular basis, monitor the Gift Register, to ensure compliance with this policy.
- 7.4.3. The responsible person and/or an employee bears the responsibility to ensure that he/she does not exceed the limits set out in this policy in any calendar year. The Compliance Officer shall monitor the Gifts Register on a regular basis.
- 7.4.4. The key individuals and management of the Provider have the responsibility to identify or detect non-compliance with this policy. Any such identified non-compliance must be reported to the Compliance Officer with immediate effect (not later than two days from the date of identification).

## **7.5. Training**

- 7.5.1. The Compliance Officer of the Provider is responsible for providing training with regard to this policy.
- 7.5.2. The Compliance Officer will also use compliance alerts to create awareness among responsible persons and all other employees about this policy.

## **8. Lists of Associates**

In terms of the policy a list of all the associates of the Provider can be made available. An Associate in relation to the Provider, which is a company means any subsidiary or holding Company of the Provider, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary.

## **9. List of Entities in which the Provider has an Ownership Interest**

In terms of this policy, a list of all entities in which the Provider has an ownership interest can be obtained from the Company Secretary. An ownership interest means any equity or proprietary interest for which fair value was paid by the Provider at the time of acquisition and includes any dividend, profit share or similar benefit derived from that equity of ownership interest.

## **10. List of Entities that have an Ownership Interest in the Provider**

In terms of the policy, a list of all entities that hold an ownership interest in the Provider can be obtained from the Company Secretary. An ownership interest means any equity or proprietary interest for which fair value was paid by the entity at the time of the acquisition and includes any dividend, profit share or similar benefit derived from that equity of ownership interest.

## **11. Monitoring and Compliance**

- 11.1. The Compliance Officer of the Provider must ensure that all responsible persons and other employees are provided with appropriate training on and educational material relating to the contents of this policy.
- 11.2. This policy will be in the custody of the Provider's Compliance Officer and must be accessible, at no charge, to clients and available for public inspection at all reasonable times. The FAIS disclosure document to clients will provide the telephone number and email address for the Compliance and Complaints Department.
- 11.3. The Compliance Officer must perform regular monitoring regarding compliance with this policy. The monitoring will cover the Gifts Register and interviewing of responsible persons and employees who received immaterial financial interests.
- 11.4. The Compliance Officer of the Provider will report annually to the Regulatory Committee on the implementation, monitoring, compliance and any contraventions in respect of this policy.
- 11.5. The Compliance Officer of the Provider must ensure that the report on the level of compliance with this policy is included in the annual compliance reports sent to the Financial Services Board.

## **12. Contravention of this Policy**

Every employee of the Provider is required to know, understand and comply with the standards outlined in this policy. Non-compliance with this policy and the procedures may be considered to be misconduct, and employees who do not comply, may be subject to disciplinary action which could lead to a dismissal. Any act which circumvents, avoids or limits this policy will be regarded as non-compliance with the policy.

## **13. Confidentiality**

Each responsible person shall exercise care not to disclose confidential information acquired in Connection with such status or information, the disclosure of which might be averse to the interests of the Provider. Furthermore, a responsible person shall not disclose or use information relating to the business of the Provider for the personal profit or advantage of the responsible person or a family member.

Insofar as is applicable, this policy must be read in conjunction with

- Bidvest Bank's Data
- Protection Policy,
- PAIA Manual and the
- Document Retention and Destruction Policy.

#### **14. Annual Disclosure**

- 14.1. Each responsible person shall at least annually, or as determined by the Provider, and as and when changes occur, complete a Declaration Form (as issued and amended by the Provider from time to time) identifying any relationships, positions or circumstances in which the responsible person is involved which he/she believes could contribute to or result in a conflict of interest.
- 14.2. Such relationships, positions or circumstances might include service as a Director of or Consultant to an outside company, ownership of a business that might provide goods or services to the Provider or an interest in an unrelated business that does not necessarily transact business with the Provide.
- 14.3. Any such information regarding the business interest of a responsible person or a family member shall be treated as confidential and shall generally be made available only to the Chair, the Chief Executive Officer, and any committee appointed to address conflicts of interest, except to the extent that additional disclosure is necessary in connection with the implementation of this policy.
- 14.4. Any outside business of interest declared must be approved by the Line Manager.

#### **15. Related Policies and Procedures**

This policy should be referred to in conjunction with the following:

- Personal Account Trading Policy
- Gift Policy
- Bank Code of Conduct
- Whistleblowing Policy
- Zero Tolerance Policy
- Bank Anti-Fraud Policy
- Code of Ethics
- Data Protection Policy

#### **16. Review of Policy**

- 16.1. This policy shall be reviewed at least annually.
- 16.2. Any changes to the policy shall be communicated immediately to all persons.

### Summary of the versions of the Conflict of Interest Policy

Version:	Date:	Description / Reason:
7	September 2024	Annual Policy Review
6	July 2023	Annual Policy Review
5	March 2022	Annual Policy Review
4	January 2021	Annual Policy Review
3	January 2019	Rewrite of policy and addition of declaration form
2	07 February 2013	Policy review
1	03 July 2007	First version

