

— CARLTON BROKERS —

Conflict of Interest Management Policy

FSP NAME: Carlton Brokers CC
FSP NUMBER: 16048
EFFECTIVE DATE: 7 MAY 2023

BACKGROUND

Section 3A (2) (a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain, and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place at **Carlton Brokers CC** to identify, mitigate, and manage the conflicts of interest to which **Carlton Brokers CC** is a party. This Conflict of Interest Management Policy is designed as prescribed in Board of Notices 58 of 2010, which amends the General Code of Conduct for Financial Service Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change our existing conflict management procedures but intends to document them in a simple form as required by the Financial Services Board.

In terms of the Financial Advisory and Intermediary Services Act 2002, **Carlton Brokers CC** is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor, and manage conflicts of interest. **Carlton Brokers CC** has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates, and administrative personnel will commit to such policy, and the processes will be monitored on an ongoing basis.

Carlton Brokers CC keeps and maintains a register in which all actual or potential conflicts are recorded.

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MISSION STATEMENT ON CONFLICT OF INTEREST

Carlton Brokers CC is committed to ensuring that all business is conducted in accordance with good business practice. To this end, **Carlton Brokers CC** conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interests. Like any financial services provider, **Carlton Brokers CC** is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern, and so our policy sets out how:

- We will identify circumstances that may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests.
- We have established appropriate structures and systems to manage those conflicts.
- We will maintain systems in an effort to prevent damage to our clients' interests through the identified conflict of interest.

UNDERSTANDING THE DEFINITIONS

Conflict of interest

A conflict of interest may occur when, in rendering a financial service to you, we do not act objectively or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to:

- a) a financial interest
- b) any relationship with a third party / Business relationship
- c) an ownership interest.

A financial interest:

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than –

- a) An ownership interest
- b) Training, that is not exclusively available to a selected group of providers or representatives, on –
 - i. Products and legal matters relating to those products;
 - ii. General financial and industry information;
 - iii. Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

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An ownership interest:

- (a) any equity of proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee;
- (b) includes any dividend, profit share or similar benefit derived from such interest.

Fair value:

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

WHAT MAY WE GIVE AND RECEIVE

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

- (i) Commission authorized under the Short-term Insurance Act, 53 of 1998;
- (ii) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- (iii) Fees for rendering a financial service in respect of which no commission or fees are paid as foresaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- (iv) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- (v) Subject to any other law, an immaterial financial interest;
- (vi) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.

REMUNERATION POLICY

All employees receive basic remuneration and a bonus dependant on individual performance and percentage over overall Company Profit, as set and measured by the Directors and Managers.

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PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, **Carlton Brokers CC** considers whether there is a material risk of damage to the client, taking into account whether **Carlton Brokers CC** or its representative, associate or employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
- Receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

Our policy defines possible conflicts of interest as, inter alia:

- Conflicts of interest between **Carlton Brokers CC** and the client;
- Conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- Conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- Holding confidential information on clients, which, if we would disclose or use, would affect the advice or services, provided to clients.
- We may only receive commissions authorised in terms of applicable legislation.

Carlton Brokers CC maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness as reviewed on an annual basis. All employees, including internal compliance offices and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

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MEASURES FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.

Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

Regular inspections of all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Keeping a register of conflict of interest.

Once a conflict of interest has been identified it needs to be appropriately and adequately managed.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, and what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.

MEASURES FOR THE DISCLOSURE OF CONFLICTS OF INTEREST

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

Disclosure of conflicts to be executed via the following documentation:

- 1) Statutory Disclosure Document.
- 2) This, the conflict of Interest Management Policy.

Conflict of Interest Identified:

None.

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ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually, and must be included in our annual FSB compliance report, containing details “... on at least the implementation, monitoring and compliance with, and the accessibility of, the conflict of interest management policy.”

The Key Individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters.

TRAINING AND STAFF

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The Key Individual will conduct ad hoc checks on business transactions to ensure this policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually and updated if applicable.

REPRESENTATIVE INCENTIVES

We confirm we will not offer any financial interest to our key individuals or representatives for:

- (i) favouring quantity of business over quality of service; or
- (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

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REGISTERS

With regard to existing third party relationships, being the product suppliers listed in our Disclosure letter, we confirm that any ownership interest or exclusive training or any other circumstances, which could lead to a potential conflict of interest, shall be listed in relevant registers attached hereto.

Carlton Brokers CC has implemented the registers below:

Annexure 1 - Business Relationship.

Annexure 2 - Ownership Interest.

Annexure 3 - Associates.

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Annexure 2 - Ownership Interest:

A list of all parties in which the FSP holds an ownership interest and all third parties that holds an ownership interest in the FSP

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Annexure 3 - List of Associates:

Company	Nature of relationship	Status	Benefits
Old Mutual	Insurer which pays administration/ outsource/ fees to Carlton Brokers	Insurer	Administation Fees
Liberty Life	Insurer which pays administration/ outsource/ fees to Carlton Brokers	Insurer	Administation Fees
Allan Gray	Investment Firm which pays administration/ outsource/ fees to Carlton Brokers	Investment Manager	Administation Fees
Auto & General	Insurer which pays administration/ outsource/ fees to Carlton Brokers	Insurer	Administation Fees
Santam Insurance	Insurer which pays administration/ outsource/ fees to Carlton Brokers	Insurer	Administation Fees
National Credit Regulator	Registered Credit Provider	Governing Body	Credit Finance ability
Avbob Mutual Assurance Society	Insurer which pays administration/ outsource/ fees to Carlton Brokers	Insurer	Administation Fees

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