

# Conflict of interest policy



**ASHBURTON**  
INVESTMENTS

*Focused Insight*

A part of the FirstRand Group

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## **1. Purpose**

This Policy is designed to provide an appropriate framework to manage conflict of interests by employees of Ashburton Investments Holdings Limited (including Ashburton Management Company RE (Proprietary) Limited, Ashburton Fund Managers (Proprietary) Limited, Ashburton Investor Services (Proprietary) Limited and RMB CIS Manco RE (Proprietary) Limited), collectively referred to herein as Ashburton Investments.

The Policy has been drafted to meet the requirements as imposed by the Financial Services Board (“FSB”) as published in the Conflict of Interest legislation contained in the General Code of Conduct of the Financial Advisory and Intermediary Services Act 37 of 2002 on 19 April 2010. One of the appropriate controls required within a financial services provider’s structure is the ability to manage of conflict of interests.

Managing conflict of interest requires:

- i) mechanisms for the identification of conflict of interest;
- ii) measures for the avoidance of conflict of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflict of interests;
- iii) measures for the disclosure of conflict of interest;
- iv) processes, procedures and internal controls to facilitate compliance with the Policy; and
- v) consequences of non-compliance with the Policy by Ashburton Investments’ employees.

## **2. Scope**

The Policy will apply to all of the employees of Ashburton Investments.

## **3. Background**

The General Code of Conduct for Authorised Financial Services Provider, 2003 (“General Code”) requires Financial Services Providers (“FSPs”) to disclose the existence of actual or potential conflict of interest. The absence of an understanding of what conflict of interest is and the impact on a provider’s behaviour can lead to unfair treatment of clients and the rendering of inappropriate financial services by providers.

## **4. Frequency of review and approval**

This Policy will be reviewed annually by the Compliance department of Ashburton Investments and if modified, the Policy will be presented to the Ashburton Investments Audit, Risk and Compliance (“Ashburton Investments ARC”) for approval.

## **5. Policy awareness**

This Policy will be published on both the Ashburton Investments’ website as well as on the intranet.

## 6. Definitions

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**Conflict of Interest** A conflict of interest is any situation in which Ashburton Investments or an employee of Ashburton Investments has an actual or potential interest that may, in rendering a financial service to a client:

- (a) influence the objective performance of his/her or its obligations to that client; or
- (b) prevent Ashburton Investments or an employee of Ashburton Investments from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client,

including, but not limited to –

- (i) a financial interest;
- (ii) an ownership interest; and
- (iii) any relationship with a third party.

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**Financial Interest** Financial Interest refers to cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, except for:

- (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 service, but excluding travel and accommodation associated with that training.

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**Immaterial Financial Interest** This is any financial interest with a determinable monetary value which does not exceed R1, 000.00 in any calendar year to/from the same third party in that calendar year received/provided by Ashburton Investments or an employee of Ashburton Investments.

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**Gifts** Includes items, goods, services, information or money in whatever form, from which the recipient may receive benefit, as well as any other benefit or gratuity, but does not include:

- official Ashburton Investments branded goods or items
- official Ashburton Investments sponsored functions, promotions or hospitality events;
- items, goods, services, information or money in whatever form provided or obtained from third parties in terms of an official contract with Ashburton Investments.

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**Third Party** Any person, legal or related entity that

- provides services to Ashburton Investments
  - receives services from Ashburton Investments
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## **7. Purpose of Policy**

The purpose of this Policy is to:

- provide guidance on the behaviours expected in accordance with Ashburton Investments' values.
- promote transparency and avoid business related conflict of interest.
- ensure fairness in the interests of employees and Ashburton Investments.
- avoid legal liability and reputational risk arising from any conflict of interest.
- document the process for the acceptance, receiving and giving of immaterial financial interest.
- comply with the requirements of the Prevention of Corruption and Corrupt Activities Act (PRECCA) relating to the prohibition of corruption.
- comply with the requirements of the Financial Advisory and Intermediaries Act (FAIS) relating to the prohibition of corruption.

## **8. Compliance procedures**

To implement these requirements, employees are required to comply with the following procedures:

### **8.1 Financial interest**

Neither Ashburton Investments nor its employees will accept or offer a financial interest other than interest below R1, 000.00 in value from or to a third party other than that of commission or fees as prescribed by legislation unless such fees have been agreed to with the client for a financial service at arm's length in writing and the client has the discretion to stop the fees.

The fees or remuneration for any service provided to or received from a third party must be reasonably proportionate and fair to such service being rendered.

### **8.2 Gifts**

No gift may be offered to or accepted which in aggregate exceeds R1, 000.00 in any calendar year from the same third party.

No gift may be offered or accepted in respect of a service performed which forms part of a service that is generally rendered by Ashburton Investments.

Only gifts of a modest value (i.e. umbrellas, company pens, one or two tickets to a sporting or social event or company clothing) may be offered or accepted. Therefore, other than a lunch, dinner, entertainment, gifts or other hospitality offered to, or by, members of staff, gifts must be declared and approved by Ashburton Investments ARC prior to the event or on receipt of the item.

Gifts with a value in excess of R1, 000.00 may not be accepted unless pre-approved by the Ashburton Investments ARC.

### **8.3 Cash gifts**

Cash and stock gifts (or any financial instrument) are strictly forbidden.

### **8.4 Inducements**

An employee may not offer or accept any inducement (be it in the form of a gift, entertainment, or benefit) where the intention, or perceived intention, of the offer is to bribe or obligate the recipient into performing or not performing certain actions. Any employee receiving the offer of a bribe must immediately advise the Compliance Officer and record the circumstances surrounding the bribe, the amount or nature of the bribe and as far as possible the exact words of the person offering the bribe.

## **8.5 Entertainment and group hospitality**

Entertainment can enhance, develop and improve business relationships, and generally takes the form of a sporting, social or dinner event. Business related meals are partially excluded from the requirements as set out below as they are deemed necessary and useful to promote or enhance business relationships.

Entertainment must be appropriate and the following issues must be considered:

- the purpose or reason for the entertainment;
- who will host the event and whether they will be in attendance;
- whether the employee is or feels under any obligation to accept;
- whether the employee will be or will feel obliged to return the favour; and
- whether the employee will feel compromised after the event.

Where entertainment is provided on a regular basis the invited attendee/employee must be rotated.

Entertainment cost for or from third parties may not exceed R1,000.00 in any particular year from or to the same third party in that calendar year received by Ashburton Investments or an employee of Ashburton Investments.

Ashburton Investments reserves the right to request that employees make a personal contribution in respect of corporate entertainment or hospitality received. The employee may be asked to contribute personally to the cost of hotel accommodation or travel.

## **8.6 Solicitation**

It is strictly prohibited for an employee to directly or indirectly solicit a gift, entertainment or benefit from any client, counterparty, supplier or business related third party, either for the benefit of themselves or for the benefit of other employees.

## **8.7 Administration and management of financial products**

A situation that gives rise to an actual, potential or perceived conflict of interest which may compromise the administration and the management of a financial product offered by Ashburton Investments. This is prohibited as this can create difficulty in maintaining the integrity of the products as well as professional and personal standards. This could further result in reputational risk.

## **9. Disclosure of conflicts of interest**

An employee must disclose to their line manager and the Compliance Officer any possible perceived benefit or financial interest offered to or received from any client, counterparty, supplier or business related third party. A benefit is considered to be anything of value to the receiver and may include the offer of a new job, access to confidential information or free publicity.

Under no circumstances may an employee offer or accept any benefit which may in any way compromise, potentially compromise or be perceived to compromise the independence of the employee or be in conflict with the duties owed by Ashburton Investments' employees.

In addition to benefits, employees must immediately upon becoming aware of any potential conflict of interest situation, disclose the conflict in writing to the Compliance Officer and follow up with a discussion. This requirement exists even if the employee does not become aware of the conflict until after a transaction is complete.

Any conflict of interest and/or financial interest will be recorded and monitored by the Ashburton Investments ARC.

## **10. Mechanisms for the identification of conflicts of interest**

- Regular meetings between compliance, risk and business to review processes.
- Feedback and complaints from clients or any other stakeholder.
- Reporting of gifts received/provided and maintaining a gift register in respect thereof.
- Performance management of employees.

## **11. Measures for the avoidance and mitigation of conflicts of interest**

- Training
- Publication of this policy
- Segregation of duties
- Where avoidance is not possible, this will be dealt with on a case by case basis by the Ashburton Investments Compliance and Risk Committee

## **12. Measures for the disclosure of conflict of interest**

A conflict of interest must be avoided but when avoidance is not possible, then:

- A conflict of interest must be declared immediately to the Compliance Officer. If a client or investor is impacted by the conflict of interest that has arisen, Ashburton Investments must disclose such a conflict of interest to the impacted party.
- The Compliance Officer must monitor any conflict of interest disclosed to ensure there is no impact on the service/delivery linked to the conflict of interest.
- A significant conflict will be tabled at the Ashburton Investments ARC for review.

## **13. Processes, procedures and internal controls to facilitate compliance with the Policy**

Refer to sections 8 and 9 of this Policy.

## **14. Consequences of non-adherence to this Policy**

Failure to adhere to this Policy by any employee will constitute misconduct and could result in disciplinary action being taken. In serious cases, such disciplinary action may result in termination of employment.

In the event that a criminal offence that has resulted from the actions of failing to adhere to this Policy; additional consequences could be faced by all parties involved.

The maximum penalty for failing to comply with PRECCA is an unspecified fine (in addition to what a court of law may impose in terms of a fine that can be equal to five times the value of the gratification involved in the offence) or life imprisonment.

The maximum penalty in terms of FAIS for any person who in the execution of duties gives an appointed auditor or compliance officer information which is false, misleading or conceals any material fact is guilty of an offence and is, on conviction, liable to a fine not exceeding R1, 000, 000.00 or to imprisonment for a period not exceeding 10 years, or both such fine and such imprisonment.

A court convicting a person of an offence relating to the procuring or withdrawal of tenders may additionally order that a person be entered into the Register for Tenders Defaulters. This will potentially prohibit the offender from doing business with government.

## **15. Responsibility to seek advice and to declare interests**

The declaration prescriptions within this Policy are not meant to be exhaustive. It remains the responsibility of those subject to this Policy to seek advice on possible material personal interests and to declare such interests accordingly.