



Bidvest Financial Services, a division of McCarthy Limited – FSP 6852 FAIS Conflict of Interest Management Policy

1. Policy statement

Bidvest Financial Services (“BFS”) is committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders. The Financial Services Provider (“FSP”) is McCarthy Limited (“McCarthy”), FSP no. 6852. Terminology included in this policy is defined in the FAIS Act and Board Notice 58 of 2010. Refer to Annexure B for the statutory definitions.

This policy is applicable to all representatives of BFS. It is the responsibility of each individual who is affected by this Policy to proactively, and in good faith, declare an actual or potential conflict of interest, and to seek advice in cases of uncertainty.

This policy was formally adopted through resolution by the Board of Directors of McCarthy Limited on 19 April 2011.

2. Identification of conflict of interest

BFS employs the following mechanisms to ensure that all conflicts are identified:

1. Before a new business arrangement is concluded, consideration is given to whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of the Managing Director, Operations Director and/or Financial Director entering into the relationship on behalf of BFS to ensure that this identification process is carried out and appropriately documented before the relationship is progressed and concluded.
2. The Managing Director, Operations Director and/or Financial Director will conduct annual reviews of all contracts held with third parties (including where an ownership interest is present) to re-examine whether these contracts and relationships influences the FSP’s:-
 - a. Objective performance towards its clients
 - b. Ability to render fair and unbiased financial services toward its clients
 - c. Ability to act in the best interest of the client.
3. All representatives are responsible for identifying specific instances of conflict of interest and are required to notify their Business Unit Manager of any conflicts they become aware of and then disclose to the potential customer.

Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

3. Avoidance and mitigation of conflict of interest

Once a conflict of interest has been identified it needs to be appropriately and adequately managed. The respective Business Unit Manager responsible for the relationship with the customer will consider whether any practical means exist for avoiding such conflict of interest. Where this is not practical, the Business Unit Manager will consult with the Compliance Manager to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.

The resulting mitigating and managing measures will be documented and communicated to all staff involved in managing the relationship with the customer to ensure that the risk of the identified conflict of interest is appropriately managed by BFS.

Refer to the diagrammatic representation at Annexure A.

BFS has various internal policies to manage and mitigate conflicts of interest. These internal policies govern the ethical conduct of employees in the following manner:

Code of Ethics:

- The Code of Ethics is accepted and signed by all employees of BFS, upon engagement;
- Employees must maintain integrity in their dealings with customers and suppliers;
- Employees must avoid any activities that may lead to an actual or perceived conflict of interest with the business of BFS;
- In accepting business or entering contracts, employees must observe the highest standards of integrity and act in the best interests of the company and the customer;
- Employees may neither support nor solicit loans, gifts in cash or in kind, free-of-charge services or any other favours from any current or prospective business partner;
- Employees must never deliberately give inadequate or misleading descriptions of products or services; and
- Employees must maintain the confidentiality of information received from customers, suppliers and intermediaries.

Gift policy:

- The provision or acceptance of gifts and corporate hospitality by an employee is acceptable provided that it is not excessive nor could be interpreted as an attempt to materially influence the person receiving the gift/hospitality; and
- All gifts made and received, in excess of R2 000, are recorded in a Gift Register maintained at the BFS office.

Incentive trips policy:

All incentive trips (both local and international) must be approved by executive management prior to employee acceptance.

Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

4. Disclosure of conflicts of interest

The FSP or representative will, in writing, at the earliest reasonable opportunity disclose to a customer any potential conflict of interest in respect of that client. The disclosure must include:

- The existence of the conflict of interest;
- A description of what the conflict is;
- Its' impact;
- The measures taken to mitigate and manage it; and
- The customer's free choice whether he/she wishes to continue with purchasing the product.

The onus is on the representatives subject to this policy to ensure that proper disclosure is made in respect of a conflict of interest.

The conflict must be recorded in a conflict register which will be maintained at the dealership. The register must include reference to the nature of the conflict, the persons involved and how the conflict was disclosed to the customer.

5. Processes, procedures and internal controls to facilitate compliance

Each Business Unit Executive will be required to ensure that this policy is implemented in their business units and will on an annual basis warrant to the Compliance Manager in writing that they have met their obligations under this policy.

Training for all affected staff will be provided by the Compliance team to ensure that they understand their responsibilities under this policy.

The Compliance team will monitor compliance with this policy and will perform the necessary reviews in consultation with Executive Management of BFS to ensure that appropriate procedures and processes are in place and effective to comply with the policy.

The Compliance Manager will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.

The FAIS external compliance officer will include monitoring of the conflict of interest management policy as part of the general monitoring duties, and will report thereon in the annual compliance report to the FSB.

6. Financial interests offered to BFS employee representatives

BFS may offer its employee representatives sales incentives, in addition to their basic salary, based upon a combination of:

- The quantity of the business introduced; and
- The quality of the service rendered to customers

No sales incentives may be offered to representatives for preferring one product over another that may be offered to a customer, unless disclosed to the customer in terms of this Conflict of Interest policy.

Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

7. Financial interest offered by BFS to third parties and representatives

BFS may only offer the following financial interests to third parties and representatives:

- a) Commission authorised under the Long-term or the Short-term Insurance Acts;
- b) Fees that are reasonably in line with the service being rendered and authorised under the Long-term or the Short-term Insurance Acts;
- c) Fees for rendering a financial service in respect of which no commission or fees are paid, if those fees are specifically agreed to by the client in writing and may be stopped at the discretion of the client;
- d) Fees or remuneration for the rendering of a service by a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- e) Any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- f) Any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that financial services provider or representative at the time of receipt thereof.

8. List of associates of BFS, a division of McCarthy Limited

- McSure Limited
- McLife Assurance Company Limited
- McCarthy Brokerage, a division of McCarthy Limited

9. Third parties in which BFS, a division of McCarthy Limited holds an ownership interest

BFS, a division of McCarthy Limited holds ownership interests in Hollard Insurance and Wesbank by means of joint venture agreements.

10. Third parties who hold an ownership interest in BFS, a division of McCarthy Limited

There are no third parties who hold an ownership interest in BFS, a division of McCarthy Limited. McCarthy Limited is a wholly-owned subsidiary of The Bidvest Group Limited.

11. Consequences of non-compliance with the policy

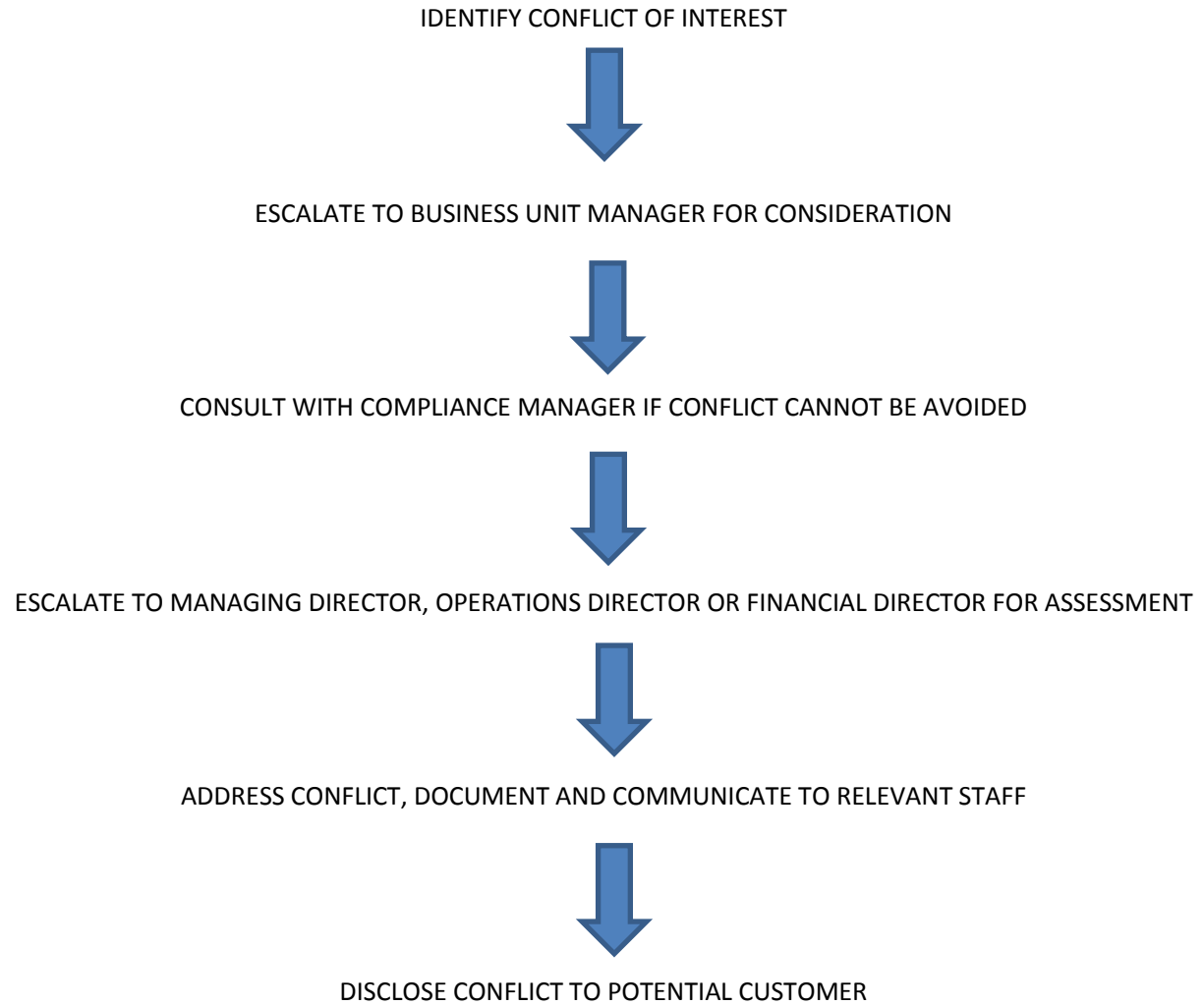
The conflict of interest policy is provided to all representatives by the Compliance Manager. All representatives are required to read this policy and sign a statement to the effect that they have read and fully understand the provisions of the document and the application thereof.

Failure to comply with the provisions of this policy by any staff member or representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member or representative. Avoidance, limitation or circumvention of this policy will be deemed non-compliance.

Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

Annexure A

CONFLICTS OF INTEREST PROCEDURE



Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

Annexure B

STATUTORY DEFINITIONS

The following definitions are extracted from the FAIS Act 37 of 2002 and Board Notice 58 of 2010.

Associate means – In relation to a juristic person, which is a company, any 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.

Conflict of interest means any situation in which a financial services provider or a representative 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 a financial services provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client,

Including but not limited to:-

A financial interest;

An ownership interest;

Any relationship with a third party.

Financial interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –

- (a) an ownership interest;
- (b) Training, that is not exclusively available to a selected group of financial services 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.

Financial Services Provider means any person, other than a representative, who as a regular feature of the business of such person -

- (a) furnishes advice; or
- (b) furnishes advice and renders any intermediary service; or
- (c) renders an intermediary service.

Immaterial financial interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by -

- (a) a financial services provider, who is a sole proprietor;
- (b) a representative for that representative's direct benefit;
- (c) a financial services provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

Ownership interest means –

- (a) any equity or ownership interest, for which fair value was paid by the owner, other than equity or an ownership interest held as an approved nominee on behalf of another person; and
- (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

Policy holder means a person entitled to be provided with the policy benefits under a short-term or long-term insurance policy.

Bidvest Financial Services, a division of McCarthy Limited - FSP 6852
FAIS Conflict of Interest Management Policy

Responsible person means a key individual, representative or employee of a product supplier or financial services provider.

Representative means any person who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandatory agreement, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service-

(a) does not require judgment on the part of the latter person; or

(b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

Third party means –

(a) a product supplier;

(b) another financial services provider;

(c) an associate of a product supplier or a financial services provider;

(d) a distribution channel;

(e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) and (d) above provides a financial interest to a financial services provider or its representatives.