

Table of Contents

- 1. Purpose of the Policy 2
- 2. Scope of the Policy 2
- 3. Policy Statement 2-5
 - Principle 1: Avoid conflict of interest
 - Principle 2: Manage conflict of interest that can no be avoided
 - Principle 3: Controls should be implemented to avoid conflict of interest
 - Principle 4: Limitations apply to financial interests offered and received by FFG
 - Principle 5: Limitations apply to financial interests offered to representatives of FFG
 - Principle 6: Training of Management and Employees
- 4. Third parties, Associates and Ownership interests 5
- 5. Acceptance of the FFG Group Conflict of Interest Management Policy 5
- 6. Publication of the FFG Conflict of Interest Management Policy 5
- 7. Accountabilities and responsibilities for compliance 5-7
 - 7.1 Board of Directors
 - 7.2 Chief Executive Officer
 - 7.3 Chief Financial Officer
 - 7.4 Head of Compliance (Internal Compliance function) and external Compliance Officer
 - 7.5 Members of Executive Management (Key Individuals)
 - 7.6 Business Unit Managers (including Key Individuals)
 - 7.7 Employees (FFG administrative staff members and representatives)
- 8. Policy Administration 7

1. Purpose of the Policy

To ensure that objective, unbiased and fair Financial Services are rendered to clients.

Conflict of interest is any situation in which FFG has an actual or potential interest that may in rendering financial services to our clients influence the objective performance of our obligations, or the rendering of a unbiased and fair financial services, or acting in the interest of our clients.

2. Scope of the Policy

This policy is of relevance to the whole of the FFG Group of Companies as set out below:

- Futurum Financial Group (Pty) Ltd; Reg. No. 1998/013952/07; FSP 654
- FFG Ermelo (Pty) Ltd.; Reg. No. 2005/033647/07; FSP 33122
- Mooiwes Finansiële Dienste (Pty) Ltd.; Reg. No. 2003/029039/07; FSP 33132
- FFG Risk Solutions (Pty) Ltd.; Reg. No. 2002/008488/07; FSP 34086
- Mercury Insurance Solutions (Pty) Ltd.; Reg. No. 2003/029325/07; FSP 17405
- FFG Empowered Consultants (Pty) Ltd.; Reg. No. 2003/013384/07; FSP 19082

3. Policy Statement

FFG is committed to the prudent management of its business in accordance with recent upgrade to the rules regarding “Conflict of Interest” in the Financial Advisory and Intermediary Services Act (herein after referred to as FAIS), and in particular the provisions of the General Code of Conduct, which limits the payment between Financial Services Providers and will implement measures to ensure compliance with FAIS.

In support of the principles of good corporate governance, FFG undertakes to conduct its business with integrity and due care and diligence, complying with both the spirit and the letter of the law and internal policies and procedures.

The policy describes the procedures that will be followed to ensure that any potential conflict of interest is avoided to protect our client’s interest. When the avoidance of

conflict of interest is not possible and our clients interests might not be adequately protected, FFG will disclose all the relevant facts to the client to enable the client to make an informed decision.

Principle 1: Avoid conflict of interest

FFG is committed to the fair treatment of current and prospective clients and aims to provide an objective and fair financial service. Therefore all FFG representatives, staff and providers will avoid conflict of interest, subject to Principle 2.

Principle 2: Manage conflict of interest that can not be avoided

Where avoidance of conflict of interest is not possible, mechanisms are in place to identify such conflict and steps will be taken to mitigate the situation and make adequate disclosures to the client.

The following mechanisms are in place to identify conflict of interests:

- All conflicts to be identified by Unit Managers or staff must be referred to the Compliance department for evaluation and guidance.
- Ad hoc reviews are performed by all Business Units to identify and address any conflicts of interest.

Where a conflict of interest cannot be avoided, the Business Unit Manager must obtain guidance from the Compliance department or externally appointed Compliance Officer, on the reasons why the conflict cannot be avoided with proposed mitigating measures. If the parties are satisfied that the conflict cannot be avoided and will not negatively impact the client, full disclosure of the situation will be included in the disclosure notice (as defined in FAIS) all representatives of FFG are obligated to make to clients.

Principle 3: Controls implemented to avoid conflicts of interest

FFG adopted appropriate processes, procedures and internal controls, throughout the business to manage all conflicts of interest and to facilitate compliance with the policy. Business Unit Management and employees (both administrative staff and representatives) are trained on this policy and relevant controls. Regular monitoring and review are conducted to test compliance with the policy. In instances of non-compliance the standard FFG disciplinary process will be followed.

Principal 4: Limitations apply to financial interest offered and received by FFG

FFG (including FFG providers and associates) will comply with Sec 3A of the FAIS General Code of Conduct, including the limits on the provisions and acceptance of financial interest as set out in Sec 3A(1)(a).

Principal 5: Limitations apply to financial interests offered to representatives of FFG.

When offering financial interest to its representatives, FFG will adhere to the provisions of Sec 3A(1)(b) of the FAIS General Code of Conduct by ensuring that it will not:

- Give preference to quantity of business to the exclusion of quality of services rendered to clients;

Prior to offering any financial interest to representatives, the following measures are taken into account:

- The quantity of business secured by the FFG representative is determined;
- The business so secured is measured to assess the quality of the service rendered to the client by reference to the suitability of the advice and general ability of the representative to continually satisfy the needs of his/her clients.
- Give preference to a specific product supplier, where the representative can recommend more than one product supplier to a client. The representatives are offered the same financial interest on all products, regardless of the supplier.
- Give preference to a specific product of a product supplier, where the representative can recommend more than one product of the supplier to the client. Representatives are offered the same financial interest on all comparable products.

FFG may offer the following types of financial interest to its representatives:

- Cash or cash equivalent including commission, other fees payable and sponsorships for the provision of financial services, subject to the limits prescribed in legislation;
- Other benefits and incentives including but not limited to prizes, gifts and vouchers as a result of participation in competitions, special offers and other production based incentives;

- Training;
- Accommodation, domestic and foreign travel and other hospitality where appropriate;
- Other services, benefits and advantages associated with being an employee of FFG

Principal 6: Training of Management and Employees

Management and employees must know and understand this policy and related business processes relevant to their roles. These requirements will be communicated mostly by specific training, but also by induction programmes and employee awareness initiatives.

All representatives, associates and employees will receive guidance and training in these procedures and are subject to monitoring and review process.

4. Third parties, Associates and Ownership interests

The FAIS General Code of Conduct requires the disclosure of the following relationships of the FFG representatives:

- The associates of FFG
- Third parties in which FFG holds an ownership interest;
- Third parties that hold ownership interest in FFG.

5. Acceptance of the FFG Group Conflict of Interest Management Policy

The Board of Directors of the FFG Group accepted this policy.

6. Publication of the FFG Conflict of Interest Management Policy

- The policy will be posted on the FFG Intranet.
- The policy will be available to the public on written request to the FFG Head of Compliance Department.

7. Accountabilities and responsibilities for compliance

7.1 Board of Directors

- To approve and accept this conflict of interest management policy

7.2 Chief Executive Officer

- For logistical reason these responsibilities are delegated to the Managing Director.
- Accountable to the Board and Business Unit Managers for the effective operation of compliance with the FAIS Act.

7.3 Chief Financial Officer (CFO)

- Assist the CEO/MD in ensuring compliance with the FAIS Act across the FFG Group and its group companies.
- Recommend the policy and any amendments to the Compliance Department for review.
- Review reports on non-compliance with established policies and procedures and ensure that appropriate plans for corrective action are put in place.
- Obtain feedback on progress made on action plans and ensure delivery.

7.4 Head of Compliance (HC) and External Compliance Officer (CO)

- Give guidance and advice to Business Units on the legislative requirements.
- Evaluate effectiveness of procedures and controls adopted to accommodate any legislative changes
- Accountable for statutory reporting requirements
- Assist with implementing procedures for reporting on compliance breaches
- Develop systems for monitoring compliance
- Conduct regular, risk – based compliance monitoring programmes to ensure that appropriate levels of compliance are maintained.
- Keep record of all monitoring conducted.
- Report to the Business Unit Managers or MD and applicable Regulators
- Ensure recommendations from the Board of Directors, Business Unit Managers and Regulators are attended to.

7.5 Members of the Executive Committee (Key Individuals)

- Accountable for the status of compliance to this policy in the relevant business areas,
- Ensures that processes are implemented to facilitate compliance with this policy,
- Receives reports on compliance and ensures that corrective action is taken to address non-compliance to this policy

- Must adhere to the requirements of this policy and may not offer to accept any financial interest unless as authorised in terms of this policy
- Confirm compliance with this policy when required.

7.6 Business Unit Managers (including Key Individuals)

- Ensure that compliance requirements of this policy are incorporated into business processes.
- Ensure that employees within the Business Unit are adequately trained on the requirements of this policy.
- Ensure that regular, risk – based compliance monitoring is conducted.
- Report any incidence of non-compliance to Compliance Department
- Take action to address incidence of non compliance
- Must adhere to the requirements of this policy and may not offer or accept any financial interest unless authorised in terms of this policy.
- Confirm compliance with this policy when required.

7.7 Employees (FFG staff and representatives)

- Must adhere to the requirements of this policy and may not offer of accept any financial interest unless authorised in terms of this policy.
- Confirm compliance with this policy when required.

8. Policy Administration

Target Audience:

All FFG Management and Employees

Approved and issued by:

Futurum Financial Group (Pty) Ltd Board of Directors

Person responsible for Policy administration:

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Next update:

31 December 2012

This policy is not a replacement as it is a new policy.

