

BP BERNSTEIN

Conflict of Interest Policy

A conflict of interest is any situation in which BP Bernstein or its staff has an actual or potential interest that may, in rendering a financial service to a client:

- influence the objective performance of its obligations to that client; or
- prevent BP Bernstein or the representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of the client;

It includes, but is not limited to, receiving a wide range of financial and non-financial benefits, or holding ownership interests when dealing with a third party.

Definitions

BP Bernstein	a duly incorporated company in terms of the Company Act
Employee	includes Directors and all Employees i.e. management, or any staff member that has access to confidential information
Financial Interest	a financial interest includes cash, cash equivalent voucher, gift services, benefit, discount, domestic or foreign travel, hospitality, accommodation sponsorship or other incentive, or valuable consideration 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;
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;
Immaterial financial Interest	any financial interest with a determinable monetary value where 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 provider who is a sole proprietor; (b) a representative for that representative's direct benefit

(c) a **provider, (BP Bernstein)** who for its benefit or that of some or all of its representatives aggregates the immaterial financial interest paid to its representative;

Third party

A product supplier
Another FSP
An associate of a product supplier or a FSP
A distribution channel
Any person who in terms of an agreement or arrangement with a person referred to in paragraph a to c above provides a financial interest to a provider or its representatives

CONFLICT OF INTEREST

A conflict of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity. Conflict of interest situations may take a variety of forms.

Employees of the company must never permit their personal interests to conflict, or appear to conflict, with the interests of the company, its clients or affiliates. Conflicts of interest may be direct or indirect i.e. the interest of the Employee or of another person such as a relative or a friend of the Employee or that of an organization in which the Employee or such other person might have an interest.

The fact that one of the interests does exist does not mean that the conflict if it exists is material enough to be of a practical importance, the facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict.

In assessing whether a conflict exists one must take into consideration the impact such conflict will have on the company reputation and financial loss.

Types of transactions in which conflicts might arise

- The interest of BP Bernstein or an employee may be different from the client's interest;
- BP Bernstein or an employee exercises the same professional activity as the client;
- BP Bernstein or an employee is induced to favor one client over another (whether for financial reasons or otherwise);
- BP Bernstein or an employee will gain an advantage (financial or in kind) from a third party in the execution of the service conducted on behalf of the client.

Financial interest (Gifts, gratuities and entertainment, fees etc.) note that possible conflicts relate not only to what BP Bernstein employees, key individuals and representatives could receive.

BP Bernstein may only receive the following financial interest

- No affected person is permitted to accept a commission or finder's fee of any nature unless permitted by law.
- Fees authorized in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered; or
- No other fee, rebate or commission is payable to BP Bernstein, other than that codified in the mandate (or application form as the case may be) with the client.
- A limited immaterial financial interest as defined; not more than a R1000 per annum, or
- A financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the provider or representative at time of receipt thereof.

BP Bernstein will not offer any financial interest to any third party for:

Giving preference to the quantity of business secured for the provider to the exclusion of quality service;

Giving preference to a specific product supplier where more than one supplier can be recommended to a client;

Giving preference to a specific product of a supplier where more than one product of that supplier can be recommended;

No gifts, gratuities, entertainment, or other benefits to be given or accepted in order to attract or influence business activity.

Please note that possible conflicts relate not only to what BP Bernstein and staff receive, but also give. Both instances need to be managed and disclosed accordingly.

Note that the R1000 limit applies per employee not per product supplier

This includes but is not limited to:

Gifts: a person may accept gifts, e.g. a bottle of wine, a meal, stationery, clothing items, tickets to an event etc., where value is less than R1000

Non-cash incentives and benefits that are viewed as **inconsequential benefits** i.e. small promotional items (for example: caps, scarves, pens, notepads etc.), reasonable entertainment (e.g. lunches) in the course of business relationships and gifts (e.g. a bottle of wine).)

International or domestic incentive trips: no person may accept any international incentive trip or trip for any business relationship or service provided to a client, potential client or third party. Domestic trips may only be accepted where the value is less than R1000.

Seminars and conferences: the person may take part in the seminar / course organised by a third party if the participation is for genuine business purpose, and is open to participation by other firms.

Conference exhibitions: Payment for conference exhibitions, floor space etc. is permitted and part of the normal course of doing business. Promotional items given away to attendees at conferences must be of a small nature and may not exceed R1000 in value under any circumstances.

Travel and accommodation expenses: the person may only take part in attending national events, or participate in training, or visit a product supplier's office to receive information on their administration systems. In other words, the benefit received should be of an educational nature only and for genuine business benefit / purpose.

If the training is bona fide training on products and or technical systems, or general industry information sessions the R1000 prohibition is excluded.

The sessions cannot be limited to only a selected group of people. BP Bernstein must invite all Financial Advisors not just those with largest volume of assets.

Financial Advisors have to pay for own costs.

All fees, commission and remuneration received / paid by BP Bernstein must be recorded.

All vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, **given** or **received** must be declared irrespective of value and entered into the gifts register.

OWNERSHIP INTERESTS

Regulation of personal investment and business activities of BP Bernstein employees to prevent conflicts of interest arising against the interest of clients. This is covered under the personal trading policy of the organization.

Management and Mitigation of Conflicts

In order to ensure proper governance, and the accountability and transparency within BP Bernstein, all employees are responsible for identifying specific instances of conflict.

- In the event an employee suspects a potential conflict of interest, he/she will be obliged to report it to their Manager who with Compliance shall determine whether there exists a conflict of interest that is subject to this policy and assess as to whether it is of a material significance, taking into consideration the impact that such a conflict will have on the company's reputation or potential for financial loss
- All conflicts must be discussed with the Directors before any decision is made.

Once a conflict has been identified, the necessary controls will be put in place in order to appropriately and adequately manage the conflict:

- Maintain appropriate reporting to ensure the integrity of the conflicts of management process will be reviewed annually.
- Maintain a register of identified conflicts of interest that will be updated upon the occurrence of a conflict of interest.
- Compliance will monitor all documentation to ensure that the policy is being complied with.

- Noncompliance of this Policy can result in disciplinary action being taken against the person, including possible termination of services.

Disclosure of Conflicts

Where a conflict is identified and a decision made, it must be disclosed to the client the type and origin of the conflict of interest and, that the interests may be compromised in regards to the transaction in writing as soon as possible. This applies regardless of whether the decision was made to cease doing business or continue with the business at hand despite the existence of the conflict.

Annual Disclosure

This policy shall be reviewed at least annually by the Board of Directors.

Any changes to the policy shall be communicated immediately to all employees.

All Employees are required to read the policy and sign a declaration form acknowledging that they understand the contents of the policy.

General

Monitoring compliance with this conflict management policy is an ongoing process. Conflict registers, a gifts register and declarations by BP Bernstein employees, representatives and key individuals occur on an ongoing basis. This document also forms part of the induction of any new employee or representative at BP Bernstein. BP Bernstein's gift register and information on any potential or actual conflicts is available for clients, the FSB and other permitted parties, to view upon request. BP Bernstein continues to commit itself to transparency, treating customers fairly

The policy is available on the website.