CONFLICTS OF INTEREST POLICY

98 Degrees Financial Services 2 (Pty) Ltd

Company Registration No: 2004/031298/07

An Authorised Financial Services Provider

FSP: 23439

Effective Date: June 2026

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1. INTRODUCTION AND PURPOSE

This Conflicts of Interest Policy establishes the framework within which an authorised Category I Financial Services Provider (FSP) manages actual, potential, and perceived conflicts of interest that may arise during the provision of financial services. The purpose of this policy is to ensure that the FSP identifies, discloses, and manages conflicts of interest in a manner that prioritises the interests of clients above all else, in compliance with applicable legislation and regulatory requirements.

Conflicts of interest represent situations where personal, financial, or other interests may compromise the FSP's ability to act in the best interests of clients. This policy applies to all employees, directors, key individuals, and persons connected to the FSP, ensuring consistent treatment across all business operations and client engagement activities.

The FSP recognises that the proper management of conflicts of interest is fundamental to maintaining client trust, protecting the reputation of the organisation, and ensuring compliance with regulatory obligations. This policy is reviewed annually and updated to reflect changes in legislation, business operations, or regulatory guidance.

2. LEGISLATIVE FRAMEWORK

This policy is developed and implemented in accordance with the following legislative and regulatory instruments:

- **FAIS Act 36 of 2002 -** General Code of Conduct, which requires FSPs to act with honesty, diligence, and in the best interests of clients.
- **Board Notice 58 of 2010 (Section 3A):** Determination of Conflicts of Interest, which provides guidance on the identification, disclosure, and management of conflicts in the financial services industry.
- **FSCA Conduct Standard 1 of 2023:** Setting the Conduct Standards Framework, which establishes principles for fair customer treatment and requires FSPs to maintain appropriate governance structures.
- **Companies Act, 2008 (Act 71 of 2008),** Sections 75-76: Provisions regarding director duties and the disclosure of conflicts by directors to the board of the company.

- **FSCA Directives and guidance notes** issued periodically to address emerging conduct issues and compliance expectations.

These regulatory instruments collectively require FSPs to establish formal conflict of interest management systems, maintain detailed registers of conflicts, provide regular training to personnel, and demonstrate to the FSCA that conflicts are appropriately managed at all times.

3. DEFINITIONS

TERM	MEANING
"Conflicts of Interest"	Any circumstance described in *Explaining Conflicts of interest* below…
"FSP" or "NAME OF COMPANY"	98 Degrees Financial Services 2 (Pty) Ltd is a Financial Services Provider authorised in terms of the Financial Advisory and Intermediary Services Act 2002.
"Responsible Person"	A key individual, representative or employee of a Product Supplier or FSP.
"Financial Interest"	A financial interest includes cash, cash equivalent, voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or other incentive, or valuable consideration other than a) an ownership interest b) training by a product supplier on products, general industry information and technical systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training
"Ownership Interest"	a) an equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by 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, 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; or b) a representative for that representative's direct benefit c) a provider, who for its benefit or that or some or all of its representatives, aggregates the immaterial financial interest paid to its representatives
"Third Party"	a) a product supplier b) another FSP c) an associate of a product supplier or a FSP d) a distribution channel e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.
"Distribution channel"	a) any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement, any support or service is provided to the provider or providers in rendering a financial service to a client; b) any arrangement between two or more providers or any of their associates, which

<table>
<tr><th>TERM</th><th>MEANING</th></tr>
<tr><td></td><td>arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier; c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.</td></tr>
<tr><td>“Associate”</td><td>(a) in relation to a natural person, means:
-a person who is recognised in law or the tenets of religion as the spouse, life partner -or civil union partner of that person;
-a child of that person, including a stepchild, adopted child and a child born out of wedlock;
-a parent or stepparent of that person;
-a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
-a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs (ii) to (iv);
-a person who is in a commercial partnership with that person;

(b) in relation to a juristic person –
which is a company, means 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
which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
which is not a company or a close corporation as referred to in subparagraphs (1) or (2), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person –
(aa) had such first-mentioned juristic person been a company; or
(bb) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company; means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;

(c) in relation to any person –
means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this</td></tr>
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TERM	MEANING
	paragraph; includes any trust controlled or administered by that person.

4. DEFINITION OF CONFLICT OF INTEREST

A conflict of interest arises when:

- ***Actual Conflict:*** An individual has an interest (financial or otherwise) that is directly opposed to the interests of a client in a transaction or decision, and the individual is involved in advising or dealing with the client in respect of that matter.
- ***Potential Conflict:*** A situation exists where a future conflict of interest may arise based on existing relationships, financial positions, or business arrangements, even if no current direct opposition exists.
- ***Perceived Conflict***: A reasonable client, with knowledge of the circumstances, might consider that the FSP's judgment is compromised, regardless of whether an actual or potential conflict objectively exists.

Conflicts of interest extend beyond financial interests to include family or personal relationships, professional associations, community involvement, or dual roles held by employees or directors. The FSP applies a broad and inclusive definition to ensure no material conflicts are overlooked.

5. TYPES OF CONFLICTS OF INTEREST

The FSP identifies conflicts in several categories:

5.1 Financial Interest Conflicts

These arise when an employee, director, or person connected to the FSP has a personal financial interest that differs from or conflicts with the client's interests. Examples include:

- Commission-based remuneration structures that incentivise the recommendation of particular products over others.
- Ownership of related financial services businesses, insurance companies, or investment entities.

- Personal investment portfolios held by staff members who also advise clients on similar investments.
- Shareholding or profit-sharing arrangements that create incentives to direct business to specific counterparties or fund managers.

5.2 Ownership Interest Conflicts

These occur when the FSP or its staff hold proprietary interests in products, services, or third-party providers with whom clients transact:

- Direct or indirect ownership of managed funds, investment vehicles, or insurance products recommended to clients.
- Shareholdings in banks, financial institutions, or service providers used by the FSP in service delivery.
- Beneficial ownership by directors or key individuals in entities that provide services to the FSP or its clients.

5.3 Relationship-Based Conflicts

Relationships with third parties may create conflicts due to personal, professional, or financial ties:

- Family relationships between employees, directors, and clients or third-party service providers.
- Dual appointments where an individual serves as a director or employee of the FSP and simultaneously holds management roles in other financial services entities.
- Business relationships with suppliers, intermediaries, or partner organisations where financial arrangements may influence service delivery decisions.
- Professional associations or committee memberships that may create expectations of preferential treatment or information flow.

6. THIRD-PARTY REMUNERATION AND GIFTS CONFLICTS

The FSP recognises that third-party relationships may create conflicts of interest through remuneration arrangements, commissions, or gifts. The FSP applies the following principles:

- All third-party remuneration (commission, trailing fees, referral payments) must be disclosed to clients. The FSP documents the source, quantum, and nature of all benefits received from third parties.
- Gifts and entertainment from third-party service providers are subject to strict limits. Gifts of insignificant value (below R250) in any one year from a single source may be accepted. Gifts above this threshold require written approval from the Compliance Officer and must be recorded in the conflicts register.
- The FSP prohibits acceptance of gifts or inducements that might reasonably be expected to influence service delivery decisions or compromise professional judgment.
- All material financial benefits received from third parties are documented, reviewed for compliance, and considered in the assessment of conflicts of interest.
- Business entertainment and travel funded by third parties must be reasonable, necessary for business purposes, and disclosed to clients where material to the engagement.

7. IDENTIFICATION AND DISCLOSURE OBLIGATIONS

All employees, directors, and key individuals are obligated to identify and disclose conflicts of interest within defined timeframes:

- At commencement of employment or appointment, all staff must disclose any known or potential conflicts in writing to the Compliance Officer.
- Annually, as part of the compliance calendar, all personnel must update conflict of interest declarations to reflect changes in circumstances.
- Immediately upon becoming aware of a new or emerging conflict, the individual must notify the Compliance Officer without delay.
- When assigned to a matter, transaction, or client engagement, staff must identify any conflicts that may arise from their involvement.

The FSP maintains a register of all disclosed conflicts and ensures that appropriate management and mitigation measures are implemented. Failure to disclose a known conflict of interest constitutes grounds for disciplinary action.

8. REQUIRED REGISTERS TO BE MAINTAINED

The FSP maintains a Conflict of Interest Register documenting all disclosed conflicts of actual, potential, or perceived nature. The register is updated continuously and reviewed quarterly by senior management and the governing body.

The register is reviewed quarterly by senior management and annually by the governing body. Any conflicts that cannot be adequately managed or mitigated are escalated for board decision. The register is made available to the FSCA upon request as part of regulatory oversight.

9. MANAGEMENT AND MITIGATION MEASURES

The FSP implements a hierarchy of management responses to identified conflicts, prioritising client protection:

9.1 Disclosure to Clients

Where conflicts of interest exist but can be effectively managed, the FSP provides clear, transparent disclosure to clients. This disclosure occurs before the client engages the FSP's services and is documented in the client's file. The disclosure explains the nature of the conflict, the steps taken to manage it, and the client's right to terminate the relationship if not satisfied.

9.2 Segregation of Duties

Where practical and effective, the FSP segregates decision-making responsibilities to ensure individuals with conflicts of interest do not make decisions affecting clients in conflicted matters. This may include:

- Removing an individual from participation in the selection of investment managers or product providers in which they have a financial interest.
- Ensuring that recommendations and advice are provided by personnel without conflicts, subject to review by independent supervisors.

- Creating separate teams for advisory and execution functions to prevent undue influence based on conflicts.

9.3 Financial Interest Management

The FSP manages financial conflicts through various mechanisms, including:

- Review of remuneration structures to ensure incentives do not create inappropriate pressure to favour particular products or counterparties.
- Prohibition of commission-based remuneration structures where they would create material conflicts with client interests.
- Regular monitoring of staff investment portfolios to identify emerging conflicts and prevent insider trading or information misuse.
- Restrictions on personal account dealing by staff members in circumstances where such dealing creates material conflicts with client activities.

9.4 Exclusion from Decision-Making

Where a conflict cannot be adequately managed through disclosure, segregation, or other measures, the FSP excludes the conflicted individual from participation in decisions affecting clients in that matter. This exclusion is documented and justified in the conflict register.

10. PROHIBITED PRACTICES

The FSP prohibits the following practices due to their high risk of conflicting with client interests:

- Providing conflicted advice without explicit client disclosure and informed consent. Advice must be based on clients' needs and circumstances, not on the FSP's financial interests.
- Accepting benefits or gifts from third-party service providers in circumstances where such benefits might influence service delivery decisions. See Section 9 for gift policy.
- Using confidential client information obtained in one capacity to gain advantage in another capacity or on behalf of other clients.

- Undertaking personal account dealing or principal trading that directly competes with client orders or takes advantage of information obtained in an advisory capacity.
- Dual remuneration: receiving fees or commission from both the client and a third-party service provider for the same transaction without full disclosure and client consent.
- Engaging in transactions with clients in circumstances where the FSP takes the opposite position without transparent disclosure of the conflict.

11. STAFF TRADING AND PERSONAL ACCOUNT DEALING

All employees and directors must declare personal investment activities that may conflict with their FSP responsibilities. The FSP implements the following controls:

- Pre-clearance requirement: Staff members who wish to transact in securities or derivatives must obtain written clearance from the Compliance Officer before executing the transaction, except for routine transactions in widely-held unit trusts or exchange-traded funds.
- Cooling-off period: For securities and investments that may conflict with client interests, staff members must maintain a minimum 24-hour cooling-off period between becoming aware of client activity and executing personal transactions in the same security or asset class.
- Blackout periods: Where the FSP is advising clients in a material transaction (such as a merger, acquisition, or significant fund movement), staff members are prohibited from transacting in related securities during the transaction period and for a defined period thereafter.
- Trading restrictions: Employees and directors are prohibited from short-selling securities in which they advise clients or where they hold material positions.
- Reporting: All staff trading is monitored by the Compliance Officer on a monthly basis to ensure compliance with this policy.

12. MONITORING AND COMPLIANCE

The Compliance Officer is responsible for ongoing monitoring of compliance with this policy. Monitoring mechanisms include:

- Quarterly review of the conflict of interest register to assess adequacy of management measures and identify emerging conflicts.
- Monthly review of staff trading activities to identify potential violations of cooling-off periods or trading restrictions.
- Annual compliance certification by all staff members and directors confirming understanding of policy obligations and disclosure of current conflicts.
- Spot checks of client files to verify that conflicts have been appropriately disclosed and management measures documented.
- Regular training (at least annually) for all staff on conflict of interest identification and management, with tailored training for client-facing and decision-making roles.
- Annual reporting to the governing body and the FSCA (as required) on the adequacy and effectiveness of conflict management systems.

13. BREACH CONSEQUENCES

Failure to comply with this policy constitutes a serious breach of professional obligations. The FSP implements the following consequences:

- ***First instance breach:*** Formal written warning, additional training, and enhanced monitoring of the individual's activities.
- ***Repeated breach or material breach:*** Suspension from client-facing duties, transfer to non-conflicted role, or additional compliance oversight.
- ***Gross breach or breach involving dishonesty:*** Immediate termination of employment or removal from office, subject to applicable employment and company law.
- b Where a breach has resulted in harm to clients, the FSP may require the individual to contribute to restitution or remediation costs.
- ***Regulatory Reporting:*** Material breaches involving dishonesty or conflicts of interest not disclosed are reported to the FSCA as required by the FAIS Act.

All disciplinary actions are documented in personnel files and reviewed by the governing body. The FSP maintains records of all breaches and remedial actions for a minimum of five years.

14. AUTHORITY AND MANDATE

This policy is approved by resolution of the governing body and senior management of the FSP. The governing body and senior management are responsible for adherence to and implementation of this policy.