

Conflict of Interest Policy and Procedures

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1. CONFLICT OF INTEREST POLICY

- 1.1.1 Our Conflict of Interest Policy spells out the way in which the business will manage the conflicts of interest that we face.
- 1.1.2 Conflicts of interest are circumstances where some or all of our clients interests are inconsistent or divergent from our own interests. This includes actual, apparent and potential conflicts of interest.
- 1.1.3 Adequate conflicts management arrangements help minimise the potential adverse impact of conflicts of interest on our clients.
- 1.1.4 This policy has the full support of the senior management and is seen as a key component in ensuring our long-term success and viability.
- 1.1.5 The effective management of conflicts of interest reduces the likelihood of our clients receiving inappropriate advice and helps us maintain a reputation for integrity within our profession.
- 1.1.6 A formal review of the effectiveness of our conflicts of management processes will be conducted in conjunction with and integrated into our annual Business Planning process.
- 1.1.7 Apart from the annual formal review identification, assessment and management of conflicts of interest will form part of all major relationship decision making processes and staff incentive related remuneration decisions within the business.
- 1.1.8 The Responsible Consultant(s) is ultimately responsible for managing risks to the business and ensuring the effective application of our Conflicts of Interest Policy and Procedures.
- 1.1.9 In some situations it may be necessary to call on the support of outside bodies to help in the Conflict of Interest management process and such an approach is strongly recommended when required.
- 1.1.10 All staff and Authorised Representatives and Distributors must be familiar with and comply with this Policy and Procedure, understand the importance the business places on the effective operation of our Policies and Procedures and are encouraged to look for improvements to our procedures.

2. UPDATES

- 2.1.1 This Policy and Procedures are updated on a regular basis. Any material changes to these Policy and Procedures will be advised by management either via Email or at our regular Staff meetings.
- 2.1.2 This entire document and associated forms etc are kept on the shared drive of the computer network. As such we do not recommend that a hard copy of the manual be maintained. All information can be immediately accessed on the computer network and will be guaranteed to be up to date at all times.
- 2.1.3 When you see an opportunity to improve a procedure kindly make the suggestion known to your manager/supervisor as we all have a responsibility to improve our standards, individually and as a Company.

3. CONFLICT OF INTEREST DOCUMENTATION

- 3.1.1 The key document involved in the management of conflicts will be the implementation and maintenance of our Conflict of Interest Identification Table.

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- 3.1.2 An annual review and update of the Conflict of Interest process will be included in the annual Business Plan process including any Action Plans arising out of the review
- 3.1.3 A Conflict of Interest staff presentation for all existing and new staff.
- 3.1.4 All documentation related to Conflict of Interest management is to be kept for at least seven years.

4. MANAGEMENT PROCEDURES

4.1 REVIEW PROCESSES

- 4.1.1 The Conflict of Interest Officer (CIO) is responsible for the day to day and ongoing operation and effectiveness of this Policy and Procedures.
- 4.1.2 This Policy and Procedures will be reviewed annually or when any significant changes are being considered in relation to remuneration arrangements with issuers or representatives, distributors or authorised representatives.

4.2 CONFLICT MANAGEMENT

- 4.2.1 We will use one of three ways to manage conflicts of interest. These are:
 - Controlling conflicts of interest
 - Avoiding conflicts of interest
 - Disclosing Conflicts of Interest

4.3 CONTROLLING CONFLICTS

- 4.3.1 To control conflicts of interest we must identify, then assess and evaluate the conflict.
- 4.3.2 Dependent on the circumstances and the nature of the conflict we may for example:
 - Disclose the conflict to the relevant client.
 - Shift the client from one representative to another.
 - Decline to provide services.
 - Initiate disciplinary action where warranted.

4.4 AVOIDING CONFLICTS

- 4.4.1 Some conflicts of interest have such a serious potential to impact on our clients and ourselves that the only way to adequately manage the conflict is to avoid them. In such cases merely disclosing them and imposing internal controls will be inadequate.

4.5 DISCLOSING CONFLICTS

- 4.5.1 Once we have completed all other relevant conflict management processes any residual conflict of a material nature must be disclosed to the client. Material conflicts are those that a reasonable client would expect to be told about and that have the potential to impact their decision making.
- 4.5.2 Any disclosure that we decide needs to be made to a customer must be done at or before the time the client is required to make a decision in relation to the service or advice being provided.

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4.5.3 Such disclosure should include providing enough detail in a clear, concise and effective form to allow the client to make an informed decision about how the conflict may affect the service or advice being provided.

4.5.4 Examples of matters that could be considered as material and disclosable under this policy include where we (or any associated person) recommend a client and we:

- Have a financial interest in the product. This would include where the product is included in any profit share or volume bonus arrangements that we have entered into.
- Have an interest or association with the product issuer of the product. This would include where the product is included in any placement binder relationship that we have entered into.
- Will receive higher rates of commission for the product and the product is more expensive for the client than other comparable products we have available to recommend (after adjusting for service levels and switching costs).
- Are a member of a buying group which involves additional commissions payable directly to ourselves and override payments to the buying group.
- Receive gifts, prizes and any other benefits from a supplier that are of a significant and material nature, are intended to impact on the professional services outcomes in our business and are tied to or are contingent upon some measurable outcomes generated by us to the provider of the benefit. Examples include any benefit involving overseas trips, supplier provided and structured multi day conferences/seminars/reward programs, benefits involving air travel and accommodation for multiple nights

4.5.5 Examples of matters that would not be considered as material and disclosable or requiring entry in our Conflict of Interest table under this policy include where we (or any associated person) recommend a product and we:

- Will receive industry standard commission payments and have previously disclosed such commission rate ranges to the client.
- Have reduced our fees or charges to compensate for any higher rates of commission involved in the product.
- Receive small, inexpensive and irregular benefits from suppliers that could be considered part of typical business relationship building between ourselves and our suppliers. Such benefits typically are not material or significant in nature, are not designed to impact advisory outcomes and are not linked to any measurable future outcomes. Benefits that fall into this category would include Christmas gifts to the staff or business, the occasional irregular business luncheon, one off invitations to sporting/entertainment events, supplier badged office equipment and clothing.

5. PRACTICAL GUIDANCE

5.1.1 This section sets out some observations and conclusions from various real-life situations.

- Adequate conflicts management arrangements are an important preventative tool. Good conflicts management arrangements are part of good compliance and risk management measures.
- Conflicts of interest impact the quality of professional services provided. Poorly managed conflicts of interest tend to result in poor service to consumers and a market that is not fair and transparent.

- Disclosure alone will rarely be sufficient to manage a conflict of interest. Accompanying internal controls are generally always needed to ensure that the quality of the underlying service is not compromised.
- Some conflicts of interest are so serious that they cannot be managed by internal controls and disclosure and must be avoided. Whether a conflict should be avoided will be determined by both the nature of the conflict and the nature of our business.
- Serious conflicts need to be avoided, not because they will *always* lead to actual harm to clients or to the market, but because allowing such conflicts to continue creates a high risk of that harm occurring. We need to take a risk management approach and ask themselves what level of risk our conflicts of interest expose them to. With some conflicts, the risk of an adverse consumer or market integrity outcome is too high—and these conflicts need to be avoided. We will avoid such 'high-risk' conflicts.
- Conflicts management arrangements will not be adequate unless they are actually implemented and maintained. They should be periodically tested to ensure that they are working and changes should be made if they are not.
- Compliance staff must have sufficient expertise and training to understand their business. Compliance staff should also have support from senior management. This will help them to be seen as credible by management, operations and front office staff which will in turn help them to implement adequate conflicts management arrangements.
- Where disclosure is used as part of the conflicts management arrangements it must be meaningful, that is, it must be clear, concrete and specific. The person receiving the professional service must be able to understand the nature and effect of the actual conflict of interest and its potential impact on the service being provided.
- An important internal control is monitoring and supervision of staff and representatives. Regardless, we need to ensure that their monitoring and supervision arrangements are effective.

6. BRIBERY POLICY

6.1 **BRIBERY AND OTHER CORRUPT BEHAVIOUR**

6.1.1 We value our reputation for ethical behaviour and for financial probity and reliability. We recognise that over and above the commission of any crime, any involvement in bribery will also reflect adversely on its image and reputation. Its aim therefore is to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy below;
- A zero tolerance for bribery;
- Training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging its employees to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery and assisting the police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

6.1.2 A bribe is defined as: giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

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- 6.1.3 If an employee bribes (or attempts to bribe) another person, intending either to obtain or retain business for the company, or to obtain or retain an advantage in the conduct of the company's business this will be considered gross misconduct. Similarly accepting or allowing another person to accept a bribe will be considered gross misconduct. In these circumstances the employee will be subject to formal investigation under the Company's disciplinary procedures, and disciplinary action up to and including dismissal may be applied.
- 6.1.4 No employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the company losing business.

6.2 BRIBERY POLICY SUMMARY

- 6.2.1 We prohibit the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement *to or from* any person or company, wherever they are situated and whether they are a public official or body or private person or company *by* any individual employee, agent or other person or body acting on the Group's behalf *in order to* gain any commercial, contractual or regulatory advantage for the Group in a way which is unethical *or in order to* gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

6.3 TRANSACTION OF PRIVATE BUSINESS

- 6.3.1 Employees having official dealings with contractors and other suppliers of goods or services must avoid transacting any kind of private business with them by any means other than the Company's normal commercial channels. No favour or preferences as regards price, or otherwise, which is not generally available, should be sought or accepted.

6.4 VISITS TO CONFERENCES, DEMONSTRATIONS ETC.

- 6.4.1 The Company intends that when it is necessary for employees to visit conferences, demonstrations and similar occasions, it should bear the travelling and subsistence expenses itself. Exceptions to this general rule will only be permitted with the approval of a Responsible Manager.

6.5 FACILITATION PAYMENTS

- 6.5.1 Staff are specifically banned from making payments or offering any benefits or rewards to any third parties for the development of business or business opportunities that are not clearly recorded and noted within the financial and operating records of the business and that therefore would be clearly known to management and subject to our usual internal control and external audit processes. In other words we ban the payment of any "under the counter" / "Cash or in kind" / "brown paper bag" style payments of any nature.

6.6 PERSONAL RELATIONSHIPS

- 6.6.1 If a personal relationship between two employees develops within the working environment, the onus is on the senior employee concerned to bring this to the attention of his or her manager to confirm that there is no conflict of interest, nor will a conflict of interest arise. The Company reserves the right to move one of the employees concerned if it deems it necessary to do so.

6.7 OUTSIDE INTERESTS AND EMPLOYMENT

6.7.1 Outside interests include directorships, ownership, part ownership or material shareholdings in companies, business or consultancies likely to seek to do business with the Us. These should be declared to the individual's line manager as should the interests of a spouse / partner or close relative.

6.8 POLITICAL AND CIVIC ACTIVITIES

6.8.1 It is not the intention of this policy, to dissuade employees from participating actively in public duties. It is important, however, that by doing so there is no suggestion to a third party that the employee is acting on behalf of, or with our support. To avoid any misunderstanding, no Company employee should permit his or her company affiliation to be noted in any outside organisation's materials or activities without the express written approval of a member of senior management.

6.9 GENERAL CONDUCT

6.9.1 Employees should at all times conduct themselves in such a way as to enhance the reputation of the Company.

6.9.2 We will support employees who become aware of and are willing to report breaches of this policy or who genuinely believe that a breach is occurring, has occurred or is likely to occur within the business. Employees should raise the issue internally with their manager or supervisor.

6.9.3 These standards of conduct are intended to underpin and clarify standards required by the Company of its employees and form a fundamental part of the employment contract. Staff who fail to comply with the guidance detailed in this Policy could be subject, following full investigation, to disciplinary action up to and including dismissal. If through their actions or omissions staff are found to be in contravention of either this Policy or, indeed, their legal responsibilities then the Company reserves the right to take legal action if it deems it to be necessary to do so.