



# CONFLICT OF INTEREST MANAGEMENT POLICY

## INTRODUCTION

In terms of the General Code of Conduct, a provider and a Representative must avoid, and where this is not possible, mitigate any conflicts of interest between the provider and a client or the Representative and a client.

In order to adhere to this requirement, Pinnacle Marketing (Pty) Ltd must ensure that adequate controls are in place for the management and monitoring of conflicts of interest that may arise wholly or partially, in relation to the provision of any financial services to clients by Pinnacle Marketing (Pty) Ltd or a Representative of Pinnacle Marketing (Pty) Ltd, as part of the financial services business of the company.

The Conflicts of Interest Management Policy contains the following provisions:

- Mechanisms for the identification of conflicts of interest;
- Measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest;
- Measures for the disclosure of such conflicts of interest;
- The processes, procedures and internal controls to facilitate compliance with this Policy;
- Consequences of non-compliance with the Policy by employees and Representatives;
- The basis on which Representatives will qualify for financial interest;
- A list of all Pinnacle Marketing (Pty) Ltd associates;
- A list of all parties in which Pinnacle Marketing (Pty) Ltd holds an ownership interest; and
- A list of all third parties that holds an ownership interest in Pinnacle Marketing (Pty) Ltd.

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## ADOPTION

The below confirms acknowledgement by the Compliance Function that the Conflict of Interest Management Policy 2024 as stated below has been adopted:

FSP Name	Pinnacle Marketing
FSP No.	15017
Version	V1 2024
Owner	Ruark Jewell
Review Date	11/01/2024

## DEFINITIONS

### CONFLICT OF INTEREST

This refers to any situation in which a provider or a Representative has an actual or potential interest that may, in rendering a financial service to a client:

- Influence the objective performance of his/her/its obligations to that client; or
- Prevents a provider or Representative from rendering an unbiased and fair financial service to a client, or from acting in the best interests of a client, including but not limited to a financial interest, an ownership interest and/or any relationship with a third party.

### FINANCIAL INTEREST

This refers to any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, accommodation, sponsorship, or other incentive or valuable consideration, other than an ownership interest, or training that is not exclusively available to a selected group of providers or Representatives, on:

- Products and legal matters relating to those products;
- General financial and industry information; and
- Specialized technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with such training.



## OWNERSHIP INTEREST

This refers to any equity or proprietary interest, for which fair value was paid by the owner at the time of the acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person, and includes any dividend, profit share or similar benefit derived from that equity or ownership interest.



## THIRD PARTY

This refers to product suppliers, other providers, an associate of a product supplier or provider, a distribution channel or any person who in terms of an agreement with a product supplier or provider who provides a financial interest to a provider or its Representatives.

## ASSOCIATE

This refers, in relation to a natural person, to:

- A person who is recognized 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 stepchild, adopted child or a child born out of wedlock;
- A parent or stepparent of that person;
- A person that is recognized 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 spouse, life partner or civil union partner of a person as referred to above; and
- A person who is in a commercial partnership with that person.



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 closed corporation registered under the Close Corporation Act 69 of 1984, means any member thereof as defined in Section 1 of the Act; and
- Which is not a company or a close corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person, has such first-mentioned juristic person been a company, or in the case where the other person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company.

## DISTRIBUTION CHANNEL

This refers to:

- 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(s) in rendering a financial service to clients;
- Any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider(s) and a product supplier; and
- Any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider(s) and a product supplier.



In terms of Section 32(2)(b)(i)(aa) of the General Code of Conduct, a Conflict of Interest Management Policy must be able to provide mechanisms for the identification of conflicts of interest.

Due to the intangible nature of an actual or potential conflicts of interest, any such manifestation will only be identified once the subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid whenever possible an actual or potential conflict of interest is therefore, to a large extent, dependent on whether a particular individual believes or perceives a conflict of interest to begin with. It is for this reason that Key Individuals and Representatives must apply honest and sage judgement whenever confronted with a situation that may rise to an actual or potential conflict of interest.

### REPRESENTATIVE

Throughout the process of rendering financial services to clients, a Representative must apply his/her mind in answering the following questions:

- Is there a situation that exists that influences the objective performance of my obligations to my clients?
- Is there a situation that exists that prevents me from rendering unbiased and fair financial services to clients?
- Is there a situation that exists that prevents me from acting in the best interests of clients?

If the answer is 'No' to the above questions, no action is required, however if the answer is 'Yes', the following questions must be answered:

- Is the situation caused by an actual or potential relationship of the FSP with a third party?
- Is the situation caused by an actual or potential financial or ownership interest?

If the answer to either of the above is 'Yes', then an actual or potential conflict of interest has been identified.

Please note that a conflict of interest is not limited to a financial or ownership interest.

### KEY INDIVIDUALS

Throughout the process of rendering financial services to clients, a Key Individual must apply his/her mind in answering the following questions:

- Is there a situation that exists that influences the objective performance of my Representative's obligations to his/her clients?
- Is there a situation that exists that prevents my Representatives from rendering unbiased and fair financial services to clients?
- Is there a situation that exists that prevents my Representatives from acting in the best interests of clients?

If the answer is 'No' to the above questions, no action is required, however if the answer is 'Yes', the following questions must be answered:

- Is the situation caused by an actual or potential relationship of the FSP with a third party?
- Is the situation caused by an actual or potential financial or ownership interest of the FSP?

If the answer to either of the above is 'Yes', then an actual or potential conflict of interest has been identified.

Please note that a conflict of interest is not limited to a financial or ownership interest.

The contextual definition of the terms 'influence the objective performance' and 'unbiased and fair financial services' are not to be found within legislation and its interpretation must therefore be sourced elsewhere. It is generally accepted that the word 'objective' refers to a situation where an individual's personal feelings or opinions are completely removed from the equation. The 'objective performance' of a FSP's obligations therefore implies a situation where financial services are rendered without the influence of unrelated feelings or opinions. In the same vein, 'unrelated feelings and opinions' denote separate, external persuasions or motivations where no causal link or nexus can be found between the particular feelings or opinions and the financial service that is rendered within the best interests of the clients. Put differently, if an unrelated feeling or opinion of an individual influences the performance of such said individual's obligations, it cannot be said to be an objective performance of that individual's obligations.

The word 'bias' indicates an inclination or prejudice in favour of a particular person or viewpoint. Similarly, the word 'fair' indicates a situation of just circumstances or treating people equally.

Unbiased financial services therefore imply financial services that do not lend itself to a particular preference towards a person or viewpoint, if an accompanying, reasonable justification for such preference cannot be found. Consequently, all unbiased financial services must necessarily comprise services that are capable of being motivated by readily discernible, logical reasons/explanations.

Fair financial services on the other hand imply a situation where the same conclusion or outcome is consistently reached given the same exact set of circumstances. In other words, financial services cannot be said to be fair if a pattern of favouritism begins to present itself vis-à-vis a particular person or service. Any unexpected inconsistencies towards a group of clients and/or particular client must therefore again, have to be motivated by logical reasons/explanations.

A provider or its Representative may only receive or offer the following interest from or to a third party:

- **Commission**, as authorised under the Long-Term Insurance Act, the Short-Term Insurance Act and the Medical Schemes Act;
- **Fees**, as authorised under the Long-Term Insurance Act, the Short-Term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to the service being rendered;
- **Fees or Remuneration** for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- **Immaterial financial interest**, which is a 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 provider who is a sole proprietor, or a Representative for that Representative's direct benefit, or a provider who for its benefit or that of some or all of its Representatives, aggregates the immaterial financial interest paid to its Representatives; and
- **A financial interest not referred to in the above**, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or Representative at the time of the receipt thereof.

A provider may not offer any financial interest to a Representative of that provider for:

- Giving **preference to the quantity** of business secured for that provider to the exclusion of the quality of the service rendered to clients;
- Giving **preference to a specific product supplier**, where a Representative may recommend more than one product supplier to clients; and
- Giving **preference to a specific product** of a product supplier, where a Representative may recommend more than one product of that product supplier to clients.



## MECHANISMS FOR IDENTIFICATION

The mechanisms implemented to identify actual and potential conflicts of interest for Pinnacle Marketing (Pty) Ltd are:

- Top Management conducts annual reviews on all contracts held with third parties and re-examines whether these relationships influence Pinnacle Marketing (Pty) Ltd.'s objective performance towards clients, and whether these relationships influence Pinnacle Marketing (Pty) Ltd.'s ability to act in the best interest of clients;
- Top Management conducts annual reviews on all relationships with third parties, where ownership interest is present, and re-examines whether these relationships influence Pinnacle Marketing (Pty) Ltd.'s objective performance towards clients or the ability to render fair and unbiased financial services to clients;
- Declarations are signed by all Key Individuals and Representatives confirming the presence or absence of any actual or potential conflicts of interest on a quarterly basis;
- A list of all Pinnacle Marketing (Pty) Ltd associates is attached as an annexure in the Policy and updated annually;
- All gifts received from third parties, if any, with an estimated value of R50 or more are recorded on a Gift Register, which is maintained and managed by the Compliance Function;
- All employees must disclose in writing to Top Management on an ongoing basis, any conflicts of interest that they become aware of; and
- All records associated with the identification of an actual or potential conflict of interest are kept and managed by the Compliance Function and are available for inspection purposes.

## AVOIDANCE AND MITIGATION

In terms of Section 3A(2)(b)(i)(bb) of the General Code of Conduct, a Conflict of Interest Management Policy must provide measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest.

Once an actual or potential conflict of interest has been identified, the following measures will be followed in order to determine whether the conflict of interest is avoidable:

- Top Management will convene and review the actual or potential conflict of interest in an open and honest forum;
- All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties, including the Compliance Officer of Pinnacle Marketing (Pty) Ltd;
- Top Management must apply its mind whether Pinnacle Marketing (Pty) Ltd can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest; and
- If a more advantageous transaction, contract or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, Top Management shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of the company and affected clients, and accordingly make its decision as to whether enter into the transaction, contract or arrangement in conformity with such determination.

The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients, on the integrity of the financial services industry and on Pinnacle Marketing (Pty) Ltd itself must be considered during the review process.

Should Top Management determine that an actual or potential conflict of interest is **unavoidable**, the following mitigation process must be adhered to:

- Top Management will convene and review an appropriate mitigation process given the unavoidability of the particular set of circumstances;
- The reason(s) why the actual or potential conflict of interest is considered to be unavoidable must be recorded and managed by the Compliance Function; and
- The Compliance Officer must be made aware of the conflicts unavoidability and the reasons thereto.

The mitigation process will include the adoption of the following measures:

- The actual or potential conflict of interest must remain only for as long as is absolutely necessary given the unavoidability of the conflict of interest;
- Alternative arrangements to a proposed transaction, contract or arrangement that is subject to the conflict of interest must be investigated on a continuous basis;
- The rendering of financial services must at all times be conducted as to the best interests of clients, in so far as this is possible, given the unavoidability of the conflict of interest;
- All Representatives must be made aware of the actual or potential conflict of interest and the reasons for its unavoidability;
- Full disclosure of the actual or potential conflict of interest must be made to clients at the earliest reasonable opportunity; and
- Full disclosure of the actual or potential conflict of interest must be made to the FSCA through annual compliance reporting.

Should Top Management determine that an actual or potential conflict of interest is **avoidable**, the following process must be adhered to:

- Top Management must approve, by a majority vote, the removal of the underlying cause of the actual or potential conflict of interest;
- The underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible;
- Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum;
- The reason(s) why the actual or potential conflict of interest was determined to be avoidable must be recorded;
- All determinations and interventions as it pertains to the avoidance of the conflict of interest must be documented, managed and maintained by the Compliance Function; and
- Similar situations that give rise to actual or potential conflicts of interest must be avoided in the future.

## DISCLOSURE

In terms of Section 3A(2)(b)(i)(cc) of the General Code of Conduct, a Conflict of Interest Management Policy must provide measures for the disclosure of conflicts of interest.

Pinnacle Marketing (Pty) Ltd must make appropriate disclosures to third parties, including clients, as part of its arrangement to manage conflicts of interest. It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest.

Pinnacle Marketing (Pty) Ltd is therefore committed to ensure that clients are adequately informed about any conflicts of interest that may affect the provision of financial services to them. It is furthermore acknowledged that, whilst a clearly identified conflict of interest will not necessarily cause the provision of financial advice to be significantly compromised, it should nonetheless be disclosed to clients. Clients must be afforded the opportunity to decide for themselves whether a conflict of interest is significant and to what extent he/she will rely on the advice or intermediary service.

On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosures will be implemented on behalf of Pinnacle Marketing (Pty) Ltd:

- Full disclosure of the actual or potential conflict of interest must be made to all Key Individuals, and where such information is provided orally, Pinnacle Marketing (Pty) Ltd must confirm such information in writing within 30 days;
- Full disclosure of the actual or potential conflict of interest must be made to all Representatives; and
- Full disclosure of the actual or potential conflict of interest must be made to the Compliance Officer.

On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosure process will be implemented on behalf of clients:

- Full disclosure of the actual or potential conflict of interest must be made to the client at the earliest reasonable opportunity;
- The disclosure must be made before or when the financial service is provided, but in any case, at a time that allows clients a reasonable time to assess its effect;

- The disclosure must be formulated in such a way as to be considered prominent, specific and meaningful to clients;
- The disclosure must be formulated in such a way as to allow clients to make informed decisions as to whether to continue with the financial services;
- The disclosure must indicate the nature of the relationship or arrangement with the third party that gives rise to the conflict of interest;
- The disclosure must indicate whether the conflict of interest is based on a financial or ownership interest;
- The disclosure must indicate whether any ownership interest held with a product supplier in accordance with Section 4(1)(d) of the General Code of Conduct;
- Where the disclosure is provided orally, the disclosure must be confirmed in writing within 30 days of such said disclosure;
- The written disclosure must be communicated by hardcopy, telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form;
- The written confirmation of the disclosure must be provided by means of standard forms or formats, in a clear and readable print size, spacing and format;
- The reasons for the conflict of interest's unavailability must be made available to clients upon request; and
- The Conflict of Interest Management Policy and the Gift Register must be made available to clients upon request.

## FACILITATION

In terms of Section 3A(2)(b)(i)(dd) of the General Code of Conduct, a Conflict of Interest Management Policy must provide processes, procedures and internal controls to facilitate compliance with the Policy.

The processes associated with the implementation and continued compliance with the Policy must be performed by Top Management as well as the Compliance Officer.

Internal controls and processes include the following:

- Top Management will ensure that the Policy is kept and managed by the Compliance Function and the Compliance Officer will confirm its adoption as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that all relevant employees sign the Policy and the Compliance Officer will confirm such signatures as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that the Annexures are completed and the Compliance Officer will confirm such completion as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure the annual review of all contracts held with third parties and the Compliance Officer will confirm such completion as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that all declarations confirming the presence or absence of any actual or potential conflicts of interest are signed on a quarterly basis and the Compliance Officer will confirm such signatures as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that a list of all Pinnacle Marketing (Pty) Ltd associates is attached to the Policy and updated annually. The Compliance Officer will confirm such list as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that a list of all parties in which Pinnacle Marketing (Pty) Ltd holds an ownership interest, which is attached as an annexure and updated annually. The Compliance Officer will confirm such list as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that all gifts received from third parties with an estimated value of R50 or more are recorded in the Gift Register and the Compliance Officer will confirm such register as part of the quarterly compliance monitoring feedback report;
- Top Management will ensure that all records associated with the identification of actual or potential conflicts of interest are kept and managed by the Compliance Function and they will confirm such records as part of the quarterly compliance monitoring feedback report; and
- Top Management will ensure that the proper disclosure requirements are communicated to clients and the Compliance Officer will confirm this as part of the quarterly compliance monitoring feedback report.



The Conflict of Interest Management Policy will be:

- Overseen by Top Management, who will carry the responsibility for the implementation, review and updating of the Policy's associated processes;
- Reviewed at least annually and where required, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest;
- Regularly reviewed by the Compliance Officer and where required, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest;
- The Annexures must be reviewed, updated and signed by the nominated Key Individual and the Compliance Officer on an annual basis.

## NON-COMPLIANCE

In terms of Section 3A(2)(b)(i)(ee) of the General Code of Conduct, a Conflict of Interest Management Policy must provide for consequences of non-compliance with the Policy by employees and Representatives.

If there is a reason to believe that an employee or Representative has failed to disclose an actual or potential conflict of interest, Top Management shall afford the person the opportunity to explain the alleged failure to disclose. If after hearing the response of the employee or Representative and making further enquiries as may be warranted in the circumstances, and where Top Management determines that the employee or Representative has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action.

## ANNEXURES

### ANNEXURE A – LIST OF ASSOCIATES

In terms of Section 3A(2)(b)(iii) of the General Code of Conduct, a Conflict of Interest Management Policy must include a list of all the FSP's associates.

ASSOCIATE	TYPE OF RELATIONSHIP
Tupos Marketing (Pty) Ltd	Holding Company – 100% shares in Pinnacle Marketing (Pty) Ltd
La Casa Trust	100% ownership interest in Tupos Marketing (Pty) Ltd

As a key individual of Pinnacle Marketing (Pty) Ltd, I, Ruark Jewell, confirm the list of Pinnacle Marketing (Pty) Ltd.'s associates as indicated above.

Full Name	Ruark Jewell
Designation	Compliance Manager
Date	11/01/2024

## ANNEXURE B – BASIS FOR REPRESENTATIVE FINANCIAL INTEREST

In terms of Section 3A(2)(b)(ii) of the General Code of Conduct, a Conflict of Interest Management Policy must specify the type of and the basis on which Representatives will qualify for a financial interest that the provider will offer a Representative and motivate how that financial interest complies with Section 3A(1)(b).

Commission as authorized under the Long-Term Insurance Act, the Short-Term Insurance Act and the Medical Schemes Act.	<input type="checkbox"/>
Fees as authorized under the Long-Term Insurance Act, the Short-Term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.	<input type="checkbox"/>
Fees for the rendering of financial services in respect of which the above-mentioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.	<input type="checkbox"/>
Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.	<input type="checkbox"/>
Immaterial financial interest, which is a 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 provider who is a sole proprietor, or a Representative for that Representative's direct benefit, or a provider who for its benefit or that of some or all of its Representatives, aggregates the immaterial financial interest paid to its Representatives.	<input type="checkbox"/>
Representatives of the provider are paid a set monthly salary and do not earn an income from commission from the provider or by charging an hourly fee for services rendered.	<input checked="" type="checkbox"/>
A financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by the provider or Representative at the time of receipt thereof.	<input type="checkbox"/>

As a key individual of Pinnacle Marketing (Pty) Ltd, I, Ruark Jewell, confirm the financial interest as indicated above and acknowledge compliance with Section 3A(1)(b) of the General Code of Conduct.

Full Name	Ruark Jewell
Designation	Compliance Manager
Date	11/01/2024

## ANNEXURE C – OWNERSHIP INTEREST

In terms of Section 3A(2)(b)(v) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties in which the FSP holds an ownership interest.

THIRD PARTY NAME	NATURE AND EXTENT OF OWNERSHIP INTEREST
N/A	N/A
N/A	N/A

In terms of Section 3A(2)(b)(v) of the General Code of Conduct, a Conflict of Interest Management Policy must include the names of any third parties that hold an ownership interest in the FSP.

THIRD PARTY NAME	NATURE AND EXTENT OF OWNERSHIP INTEREST
Tupos Marketing (Pty) Ltd	Holding Company – 100% shares in Pinnacle Marketing (Pty) Ltd
La Casa Trust	100% ownership interest in Tupos Marketing (Pty) Ltd

As a key individual of Pinnacle Marketing (Pty) Ltd, I, Ruark Jewell, confirm that Pinnacle Marketing (Pty) Ltd does not hold any ownership interest in any third party and confirm the list of names of all third parties that hold an ownership interest in Pinnacle Marketing (Pty) Ltd as stated above.

Full Name	Ruark Jewell
Designation	Compliance Manager
Date	11/01/2024



For all policy and/or compliance queries please contact us on:

**T: 021 879 1119**

**E: [compliance@pinnaclemarketing.co.za](mailto:compliance@pinnaclemarketing.co.za)**

**Pinnacle Marketing (Pty) Ltd** is an authorized financial services provider (FSP No. 15017). Unit 82 Eden on the Bay, Cnr. Otto Du Plessis & Sir David Baird Drive, Big Bay, Cape Town, 7441

