



CONFLICT OF INTEREST MANAGEMENT POLICY

BUSINESS NAME: MCUBED EMPLOYEE BENEFITS (PTY) LTD

BACKGROUND

mCubed Employee Benefits is registered as a (Pty) Ltd with the Registrar of Companies and by the Financial Sector Conduct Authority in terms of Section 13B of the Pension Funds Act.

The core business function is to provide Pension and Provident fund administration services.

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place at mCubed Employee Benefits (Pty) Ltd to identify, mitigate and manage the conflicts of interest to which mCubed Employee Benefits (Pty) Ltd is a party. This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required.

As an accountable institution, mCubed Employee Benefits (Pty) Ltd is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. It has thus put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, directors, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

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MISSION STATEMENT ON CONFLICT OF INTEREST

mCubed Employee Benefits (Pty) Ltd is committed to ensuring that all business is conducted in accordance with good business practice. To this end mCubed Employee Benefits (Pty) Ltd conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any services provider, mCubed Employee Benefits (Pty) Ltd is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflict of interest.

UNDERSTANDING THE DEFINITIONS

Conflict of interest:

A conflict of interest may occur when in rendering a financial service to the client we do not act objectively or do not render an unbiased or fair service to the client or do not act in the client's interests, including but not limited to:

- a) a financial interest
- b) an ownership interest
- c) any relationship with a third party.

A financial interest:

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than –

- a) An ownership interest

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- 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.

An ownership interest:

(i) any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee;

(ii) includes any dividend, profit share or similar benefit derived from such interest.

Fair value:

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

REMUNERATION POLICY

mCubed Employee Benefits (Pty) Ltd are remunerated via administration fees received from each individual participating employer on a monthly basis.

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PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, mCubed Employee Benefits (Pty) Ltd considers whether there is a material risk of damage to the client, taking into account whether mCubed Employee Benefits (Pty) Ltd or its representatives, associate or employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

Our policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between mCubed Employee Benefits (Pty) Ltd and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interest's conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a service to a client;
- holding confidential information on clients which, if we would disclose or use, would affect the services provided to clients.

All employees, are responsible for identifying specific instances of conflict and are required to notify the Directors and/or CEO of any conflicts they become aware of. The CEO will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

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MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material as well as disclosures in employment contracts.

Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

Regular inspections on all remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Once a conflict of interest has been identified it needs to be appropriately and adequately managed.

The CEO will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. The Head of Legal and Compliance together with management then agree on the controls that need to be put in place to manage the conflict.

- Disclosure:

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

- Publication:

Our COI policy is available in hard copy and stored electronically on the mCubed Employee Benefits (Pty) Ltd server. A copy will be provided at the client's request.

- Declining to act:

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

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ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually or on an ad-hoc basis should legislation dictate.

The CEO together with Legal and Compliance will regularly monitor and assess all related matters.

The CEO together with management will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

Non-compliance will be subject to disciplinary procedures in terms of employment conditions and can ultimately result in dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

Version 2:

Reviewed and accepted: January 2020

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