



Conflict of Interest Policy

INTERNAL ONLY

Governance	
In support of the following applicable Principal Risk	Conduct Risk
Associated Key Risk (if applicable)	N/A
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Ownership	
Principal Risk Owner	Charles Wheeler
Principal Risk Officer	Sanjay Vanmali – Head of Compliance Shared Services
Policy Owner	Sanjay Vanmali – Head of Compliance Shared Services
Policy Approver	Sanjay Vanmali – Head of Compliance Shared Services
Policy Custodian (Contact)	Eugenia Mwale Designation: Head of Compliance Policies Framework Training and FAIS

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Conflict of Interest Policy

1. POLICY CONTEXT

1.1 Introduction

Identifying and managing Conflicts of Interest is fundamental to the conduct of our Business as Absa Group Limited (AGL); our relationships with customers, and the markets in which we operate. Understanding the Conflicts of Interest that impact or potentially impact the Businesses, enables us to handle them appropriately. Even if there is no evidence of improper actions, a Conflict of Interest can create an appearance of impropriety that undermines confidence in AGL and its employees. If we do not identify and manage our Conflicts of Interest appropriately, we could harm Customers and the markets in which we operate.

A list of examples of Conflicts of Interest and Controls that can be used to manage potential Conflicts of Interest, please refer to section [Conflict of interest examples](#).

1.2 Purpose

The primary objective of the Policy is to:

- Provide control requirements relevant to the control objectives and corresponding minimum requirements.

1.3 Scope

1.3.1 In Scope

This policy applies to:

- (a) Absa Group Limited (AGL) and all its subsidiaries (including any consolidated entity acquired via a debt-for-equity swap or created through a joint venture); and
- (b) All employees and workers of any entity within paragraph above; for the purposes of this document, "employees" includes permanent employees and fixed term employees; "workers" includes contingency workers (also referred to as agency workers) and secondees to AGL from a third party, irrespective of their location, function, and grade or standing. (Consultants and managed services workers engaged under a master services agreement with a third party is not in scope for this policy as the Beam control requirements will apply. The only exception is if a consultant is seconded to AGL).

1.3.2 Out of Scope

This policy does **not** apply to:

- Any entity in which AGL has any interest and which is a non-consolidated entity, or to any employee of any such entity; or
- Any entity which has been consolidated for International Financial Reporting Standards (IFRS) accounting purposes*, provided AGL has neither legal nor operational control.
 - By agreement between the Policy Owner and the AGL Accountable Executive / Relationship Manager for a non-consolidated entity, specific control requirements incorporated within this Policy may be applied to the non-consolidated entity. In such cases, obtaining the agreement of the non-consolidated entity concerned or its other owner(s) to the control requirement(s) and the monitoring / oversight of the effective operation of the related controls, will be the responsibility of the relevant Accountable Executive / Relationship Manager."
 - * such entities are likely to be special purpose vehicles (SPV) with a related AGL loan which is in default and where AGL has current and unilateral enforcement rights but does not have legal ownership / control.

2. POLICY PROVISIONS / CONTROL REQUIREMENTS

2.1 Control Requirements

Businesses must establish and maintain appropriate measures to manage the risks set out in the Key Risk Frameworks in conformance with the requirements set out in this Policy. This includes (but is not limited to):

- *establishing, enhancing and maintaining controls set out in Business Standards or Business Procedures (as relevant) that implement the control objectives set out in this document as well as any relevant Business Mandatory Minimum Controls; and*
- *monitoring the effectiveness of controls within their Business and ensuring control failures including potential detriment and non-compliance with relevant controls are detected and escalated;*
- *undertaking remedial action in a timely manner, or as directed by third parties such as AGL' auditors or regulators, where potential detriment or weaknesses in the control framework are identified.*
- *providing periodic attestations and maintaining accurate books and records in adherence with any relevant controls;*
- *ensuring that employees receive appropriate training with a view to understanding and managing any relevant risks within the context of the controls applicable to their Business.*

2.1.1 Control Objectives, Corresponding Minimum Requirements and Responsibilities

Control Objective Ref	Standard Control Ref	Corresponding Minimum Requirements	Responsibility
1.	Take all reasonable steps to identify Conflicts of Interest on an on-going basis.		
	1.1	Undertake a review to identify new and evolving Conflicts of Interest as often as required and include at a minimum a review of the following: <ul style="list-style-type: none"> • new and existing Products and services (including ancillary services); • outsourcing arrangements; • operational and technology arrangements; • roles, responsibilities and supervision arrangements (including reporting lines); • remuneration and incentive structures; • the physical location of Employees and Businesses; and • legal and regulatory developments. 	Business
2.	Assess the potential/actual impact when a Conflict of Interest has been identified and take appropriate action to address it in a timely manner.		
	2.1	Take appropriate action to address when one or more of the following occurs: <ul style="list-style-type: none"> (i) the activity that gives rise to the Conflict of Interest is not undertaken; and/or (ii) the activity that gives rise to the Conflict of Interest is terminated; and/or (iii) the activity that gives rise to the Conflict of Interest is modified; and/or (iv) effective Controls for the management of the Conflict of Interests are implemented. 	Business
	2.2	Obtain Business Senior Management review and approval based on the assessment and communicated in a timely manner to all relevant Employees .	Business

Control Objective Ref	Standard Control Ref	Corresponding Minimum Requirements	Responsibility
	2.3	Document all information in line with the assessment methodology for the review of Conflicts of Interest . This includes an evaluation to determine if the Conflicts of Interest may cause Detriment relevant to the nature, scale and complexity of the Business and type of Conflict of Interest as well as the approval by Business Senior Management .	Business
3.	Complete and accurate records specific to Conflicts of Interest are maintained.		
	3.1	Maintain Records of all identified Material Conflicts of Interest .	Business
	3.2	Maintain a register for all identified Macro Conflicts of Interest .	Business
	3.3	Maintain Records of all Conflicts of Interest reviews and assessments that were performed.	Business
	3.4	Retain clear evidence of Business Senior Management challenge of management information and any actions taken as a result thereof.	Business

2.1.2 Conflict of interest examples

The examples provided below are **not** intended to be a comprehensive set of measures for the identification and management of Conflicts of Interest particular to each Business.

- When an Employee has a dual reporting line into two Legal Entities.
- When a Customer's profile and needs match the services/products provided by two different Legal Entities.
- When a Legal Entity has a financial interest in favouring the interests of one Legal Entity over another.
- When services are shared by more than one Legal Entity and a stress event arises.
- When remuneration decisions in one Legal Entity impact another Legal Entity.
- When a hiring decision relates to an Employee who will provide services to more than one Legal Entity.
- When the business strategy of one Legal Entity is at variance with that of another Legal Entity.
- When AGL accepts an order on behalf of a Customer and executes an order in the same underlying security/product on behalf of AGL.
- When AGL provides services as an agent of the Customer (e.g. providing advice, trade execution) and also has an interest in the transaction as a product provider.
- When AGL acts as a product provider and a distributor for the same product.
- When AGL receives revenues from a third party or where it stands to benefit from a source other than fees agreed with the Customer.
- When AGL produces research with a 'buy' recommendation to its investing Customer and the issuer is also a Customer of AGL.
- When AGL' intermediates for Customer wishing to buy and sell the same asset.
- When priority may be given to one Customer orders over another Customer's orders.
- Where AGL acts as a portfolio manager and manages both long-only funds and funds that have taken a short position in the same assets.
- Where AGL identifies an error in the management of a Customer's account and is responsible for both the correction and any compensation calculation.
- When an Employee executes a transaction without seeking necessary approvals for the purpose of making a profit that may result in increased remuneration for that Employee.
- When an Employee has a financial interest in a proposed transaction with a Customer.
- When one service provider is selected over another service provider and the Employee responsible for the selection Process has been the recipient of corporate Entertainment provided by the service provider.

- When one AGL' Business provides debt financing to a Customer ('Customer A') for the acquisition of another Customer ('Customer B') and another AGL' Business is advising a separate potential acquirer of Customer B.
- Where one AGL' Business underwrites a securities issue for a Customer and a different AGL' Business acts as a distributor.
- When an inducement arises, which could result in AGL having an interest that actually or potentially competes with the interests of the Customer. An inducement refers to any fee, commission or non-monetary benefit provided or received by AGL in relation to its business.

Examples of Controls relevant to the management of Conflicts of Interest

- Procedures to manage or control the exchange of information.
- Declaration of Private Investments and Outside Business Affiliations
- Restriction relating to giving and receiving of gifts and entertainment
- Separate supervision of Employees whose principal functions involve activities that might give rise to a Conflict of Interest.
- Physical separation of Employee and Businesses.
- Segregation of duties.
- Segregation of supervision.
- Electronic separation.
- Clean desk practices.
- Wall Crossing procedures.
- Insider/Restricted Lists.
- Notification to Employees outlining transaction insider's obligations to protect confidential information.
- The removal of any direct link between the remuneration of different groups of Employees where there is an underlying conflict between the activities of those groups.
- Sequencing of activities (e.g. Product selection only after due diligence).
- Removing sources of inappropriate influence.
- Disclosure of the nature of a Conflict of Interest in sufficient detail to a Customer* before undertaking business for the Customer to enable the Customer to make an informed decision about entering into any business arrangements.

* Disclosure does not substitute for the obligation to maintain and operate effective Controls

3. POLICY GOVERNANCE

3.1 Roles and responsibilities

Key roles and responsibilities to achieve the Policy requirements:

ROLE	RESPONSIBILITY
1st Line of Defence	Fulfil all responsibilities as described in the Enterprise Risk Management Framework and further defined in the Principal Risk Framework, Associated Framework, Business Mandatory Minimum Controls and related Standards. Responsible for ensuring that the requirements of this Policy are fully implemented within their area of responsibility.
Business	Document and adhere to all Minimum Standard Controls.
Standards Owner 1st Line of Defence	Collaborate with the Policy Owner on the design of the requirements in this Policy to ensure that these can be implemented at a Business level. Collaborate with the Policy Owner and other Standards Owners to

ROLE	RESPONSIBILITY
	design fit for purpose Standards to implement the requirements of this Policy at Business level, for approval by the Policy Owner.
2nd Line of Defence	Fulfil all responsibilities as described in the Enterprise Risk Management Framework and further defined in the Principal Risk Framework, Associated Framework, Business Mandatory Minimum Controls and related Standards.

3.2 Adherence

The provisions / control requirements of this policy are mandatory and are used to implement a group-wide approach for managing Conduct Risk in support of the [Enterprise Risk Management Framework](#). Any deviations from these provisions / control requirements must be escalated to the Compliance Policy team.

3.3 Reputational Impact

Any action or inaction taken relevant to this policy which may have the potential to incur reputation risk for AGL, i.e. likely to result in material criticism and/or censure of AGL by key stakeholders or opinion formers (including clients, market counterparties, regulators, government officials, law enforcement agencies, media or Non Government Organisations (NGOs)) should be escalated to the appropriate Reputation Risk Review Committee in accordance with [Reputation Risk](#).

4. REFERENCES

4.1 Related documentation supporting this Policy

The following documents must be referred to during the execution of this Policy:

- [Conduct Risk](#)
- Level 1 Framework : [Enterprise Risk Management Framework](#)
- Level 2 Frameworks: [Conduct Risk](#);
- Policies: [Outside Business Affiliations Policy](#), [Personal Investment Policy](#), [Gifts and Entertainment Policy](#)
- [Management of Dispensations, Waivers and Breaches Standard](#)

4.2 Glossary

This glossary provides acronyms and definitions that are specific to the content of this document:

4.2.1 Abbreviations / Acronyms / Terms

Abbreviation / Acronym / Term	Explanation
AGL	Absa Group Limited
BEAM	External Supplier Control Requirements
IFRS	International Financial Reporting Standards
NGO	Non Government Organisations
SPV	Special Purpose Vehicles

4.2.2 Definitions

Definition	Explanation
1st Line of Defence	As described in the Enterprise Risk Management Framework .
2nd Line of Defence	As described in the Enterprise Risk Management Framework

Definition	Explanation
AGL	AGL and all its subsidiaries (including any consolidated Entity where AGL has legal or operational control).
Appropriate Measures	Appropriate organisational, technical and security measures with robust governance arrangements, defined, transparent and clearly defined responsibilities and adequate control mechanisms designed to manage the risks associated with this Standard.
Associated Framework(s)	The Group Framework, Principal or Key Risk Framework to which the Policy or Standard is associated.
Business Mandatory Minimum Controls	Mandatory Controls set out in a Business Standard, Business Procedure , or existing control document that are aligned to any applicable <ul style="list-style-type: none"> (i) legislation or regulatory requirement in any jurisdiction where AGL does Business (ii) requirement set out in another AGL Framework, Policy, Standard or Business Standard or existing control document (iii) all related documents referenced in this Standard
Business Procedure	A Procedure describes in detail how the controls set out in Business or Functions Standards will be implemented and operated and may set out guidance on best practices.
Business Senior Management/ Business Senior Manager:	Anyone in a senior capacity, on an individual or collective basis, that has sufficient decision making authority and knowledge of the potential Detriment (relevant to the activities being undertaken and any responsibilities assigned) that may be associated with an identified Conflict of Interest .
Business(es)	Any or all Business Units (including Functions) that exist within AGL .
Compliance	Compliance (2nd Line of Defence) sub-function responsible for oversight of a Business .
Conduct Risk	The risk that Detriment is caused to our Customers , clients, counterparties or AGL because of inappropriate judgement in the execution of our business activities.
Conduct Risk Appetite	The level of risk that AGL is prepared to accept whilst pursuing its strategy as articulated in the Principal Risk Framework and Associated Framework .
Conflict of Interest:	<ul style="list-style-type: none"> a) AGL/Customers Conflict: where AGL has an interest which is actually or potentially distinct from/incompatible with or competes with the interests of a Customer; or b) Customer/Customer Conflict: where a Customer has an interest which is actually or potentially distinct from, incompatible with, or competes with the interests of another Customer; or c) Employee/Customer Conflict: where an Employee has a business or personal interest which is actually or potentially distinct from, incompatible with, or competes with the interests of a Customer; or d) Employee/AGL Conflict: where an Employee has a business or personal interest which is actually or potentially distinct from, incompatible with or competes with the interests of AGL; or e) AGL/AGL Conflict: where the activities of a Business / or part of a Business actually or potentially conflicts with the activities of another Business / or part of a Business.

Definition	Explanation
Control Objective(s)	An element of the control framework aimed at mitigating an identified risk or some aspect of an identified risk that sets out a high level objective against which Business is able to map the Controls that exist, or that are required, to mitigate the risk at an operational business level.
Control(s)	A control is a specific action designed to mitigate risk within an activity or process. Controls may be manual or automated and may operate in isolation or in conjunction with other controls. The design of a control can either be “detective” or “preventative”: a “detective control” is designed to identify and trigger a response to a risk issue that has occurred, whereas a “preventative control” is designed to stop a risk issue arising.
Controls Testing	A planned systematic and documented programme of checking, that has the objective of providing evidence that Controls have been operated in accordance with documented end to end processes. Testing results provide management with a view of the effectiveness of the control environment supporting their operations. Controls Testing is carried out on the operation of the relevant underlying processes and is the responsibility of whoever runs the process.
Customer(s)	Any existing and potential Customers, clients, counterparties and Employees .
Detriment	Anything that may cause damage, harm or loss to Customers , the markets in which AGL operates.
Employee	All employees and workers of any Entity within AGL; for the purposes of this document, "employees" includes permanent employees and fixed term employees; “workers” include contingency workers (also referred to as agency workers) and secondees to AGL from a third party, irrespective of their location, function, grade or standing. (Consultants and managed services workers engaged under a master services agreement with a third party are not in scope for this Policy as the External Supplier Control Requirements (BEAM) will apply. The only exception is if a consultant is seconded to AGL).
Enterprise Risk Management Framework	A document that sets out the activity, tools, techniques and organisational requirements to ensure that all material risks facing AGL are identified and understood, and the appropriate responses are in place to protect AGL and prevent Detriment to its Customers , colleagues or community, enabling to meet its goals, and enhance its ability to respond to new opportunities.
Entity	AGL and all its subsidiaries (including any consolidated entity acquired via a debt-for-equity swap or created through a joint venture);
External Accounts	An account at a third party or affiliate, such as a bank or custodian, used to hold Client Money and Assets.
Legal Entity	Legal entities are divided into three main categories: subsidiaries, other consolidated entities and non-consolidated entities. AGL may also have involvement with joint ventures, associates and significant interest entities and this policy applies to such arrangements where indicated. Legal entities for the purposes of this standard include partnerships and trusts whether or not they are a separate legal person.
Macro Conflict of Interest	Categories of Conflicts of Interest that may arise because of particular Products and activities undertaken by the Business . These apply to more than one Customer or transaction.
Material Conflict of Interest	A Conflict of Interest where there is a risk of material Detriment to the interests of one or more Customers or AGL .

Definition	Explanation
Policy	A Policy mandates the high level principles / Control Objectives to address a specific risk or set of risks deemed material to AGL .
Principal Risk Framework Key Risk Control Framework(s)	A Framework which describes the high level Group-wide approach for a specific risk or set of risks. Group-wide frameworks are approved by the relevant Board and Policies are typically aligned to one of the relevant Board-approved frameworks.
Product	All goods and services designed to satisfy a want or need which are manufactured, introduced, offered, delivered or sold by AGL and made available to our Customers through any type of distribution channel.

5. RECORD OF VERSION CONTROL / UPDATES

Date	Author / Source	Change
11 April 2017	Email: Hlumisa Mene Circular date: 11 April 2017 Circular number: 231/2017	New: Conflicts of Interest Global Policy <ul style="list-style-type: none"> • Version 1.0
31 October 2017	Email: Hlumisa Mene Circular date: 31 October 2017 Circular number: 794/2017	Reviewed, no change. Name changed from 'Conflicts of Interest Global Policy' to "Conflicts of Interest Policy" <ul style="list-style-type: none"> • Version 2.0
4 June 2018	Email from: Hlumisa Mene Circular date: 4 June 2018 Circular number: 401/2018	Annual review of Policy - changes include <ul style="list-style-type: none"> • Expand the purpose of the policy • Version 3.0