

CONFLICT OF INTEREST POLICY

This Policy establishes the framework for the identification, assessment, management, mitigation, monitoring and disclosure of conflicts of interest in accordance with:

- The Financial Advisory and Intermediary Services Act, 2002 (“FAIS”);
- The General Code of Conduct for Authorised Financial Services Providers;
- The Companies Act 71 of 2008;
- The King V Code on Corporate Governance for South Africa (2025)

It supports the realisation of the King V governance outcomes of ethical culture, performance and value creation, conformance and prudent control, and legitimacy

1 DEFINITIONS

Conflict of interest: This applies when we render a financial service and where we have an actual or potential interest that may:

- influence the objective performance of obligations
- prevents rendering an unbiased and fair financial service
- prevents acting in the interests of my client

This includes, but is not limited to:

- a) a financial interest (Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, and includes travel and accommodation in respect of training)
- b) an ownership interest (any ownership interest which was bought for fair value, and any dividend, profit share or similar benefit derived from this)
- c) any relationship with a third party - A third party is:
 - a product supplier or its associate
 - another financial services provider or its associate
 - a distribution channel
 - any person who provides a financial interest to Alexander Babich & Associates or its representative as result of an agreement with a product supplier or its associate
 - any person who provides a financial interest to Alexander Babich & Associates or its representative as result of an agreement with another FSP or its associate

It is enough that there is a potential or perceived conflict of interest, an actual conflict of interest does not need to be present.

2 REGULATORY ALIGNMENT

2.1 FAIS Obligations

In terms of FAIS, Alexander Babich & Associates must:

- Act honestly, fairly, with due skill, care and diligence;
- Avoid conflicts where possible;
- Where unavoidable, mitigate and disclose conflicts;
- Maintain and implement an appropriate Conflict of Interest Management Policy.

2.2 King V Alignment

This Policy gives effect to the following King V Principles

King V Code:

- **Principle 1 Leadership:**
Ethical and effective leadership, including integrity and avoidance of conflicts.
- **Principle 2 Ethics:**
Governing ethics to create an ethical culture.
- **Principle 5 Composition and Independence:**
Independence of the governing body and management of conflicts.
- **Principle 8 Risk:**
Governance of risk, including conflict risk.
- **Principle 9 Compliance:**
Governance of compliance.
- **Principle 13 Stakeholders and Group Relationships:**
Managing stakeholder relationships and group governance structures.

Alexander Babich & Associates applies King V on an “apply and explain” basis

3 POLICY

independence of judgement. Conflicts of interest, whether actual, potential or perceived and any activities that create the appearance of a conflict must be identified at the earliest opportunity and avoided wherever reasonably possible.

Where avoidance is not possible, conflicts must be effectively mitigated and transparently disclosed.

Where a conflict presents a serious risk of prejudice to clients, investors, partners or the FSP, or could lead to inappropriate or biased conduct, it will not be tolerated and must be avoided entirely.

Directors occupy a fiduciary position and are subject to both common law and statutory duties to act in terms of the Companies Act 71 of 2008. Directors are required to act:

- In good faith;
- For a proper purpose; and
- In the best interests of the company at all times.

Directors and staff must not permit personal, financial or relational interests to conflict or appear to conflict with the interests of Alexander Babich & Associates, its clients, or affiliates. Independence of judgement is non-negotiable.

The onus of proof on Directors is to prove on a balance of probabilities that they performed the necessary investigations in order to identify their own possible conflicting interests, and also those of staff and of any related party, and that these have been disclosed and actioned appropriately.

4 IDENTIFYING CONFLICTS OF INTEREST

Directors and staff are required to continuously assess and identify actual, potential and perceived conflicts of interest arising from their roles and responsibilities. Conflicts must be identified whether they arise directly or indirectly, and whether they relate to financial, operational, strategic, or reputational considerations. Conflicts may arise from, including but not limited to:

- Shareholding relationships with Category I FSPs or other related parties;
- Ownership interests, revenue-sharing arrangements or group structures;

- Revenue concentration from particular entities or related FSPs;
- Dual appointments, cross-directorships or multiple FSP roles;
- Relationships with product suppliers, administrators or advisory firms;
- Remuneration structures, performance-linked incentives or fee arrangements;
- Gifts, hospitality, sponsorships or other non-cash financial interests;
- Personal financial interests or outside business activities;
- Client onboarding;
- Outsourced service provider arrangements;
- Access to confidential, proprietary or price-sensitive information.

The obligation to identify conflicts is ongoing and applies before decisions are taken, during deliberations, and whenever circumstances change. All actual, potential or perceived identified conflicts must be disclosed immediately and recorded in the Conflict of Interest Register.

5 MANAGING CONFLICTS OF INTEREST

Once a conflict of interest has been identified, it must be formally assessed and appropriately managed according to the following hierarchy:

1. **Avoid** the conflict wherever reasonably possible.
2. **Mitigate and control** the conflict where avoidance is not possible.
3. **Disclose** the conflict transparently and timeously.
4. **Decline or withdraw** from the activity where the conflict presents material prejudice.

In assessing whether a conflict is material, consideration will be given to:

- The potential impact on clients;
- The risk of financial loss or reputational damage;
- The erosion of ethical standards or independence of judgment;
- Whether a reasonable and informed third party would perceive the decision as biased.

Where appropriate, mitigation measures may include:

- Recusal from deliberation and decision-making;
- Independent review or oversight;
- Segregation of duties and implementation of information barriers
- Enhanced disclosure;

- Modification of remuneration or incentive structures;
- Termination of the arrangement.

Full details of the conflict must be provided to the Board. This must include::

- The nature and source of the conflict;
- Risk and materiality assessment;
- Mitigation measures implemented or proposed;
- Any disclosures made;
- Recommendations for further action.

The Board will review the relevant management information, assess the adequacy of mitigation controls, and determine whether additional action is required to protect independence of judgement, mandate integrity and stakeholder interests.

6 DECLARING CONFLICTS OF INTEREST

Where:

- More than 30% of revenue is derived from a single product supplier or associate;
or
- A 10% or greater ownership interest exists in a product supplier or associate,

this must be disclosed in statutory disclosures and recorded in the Conflict of Interest Register.

Personal relationships, including those involving immediate family members, business partners or close associates, may create conflicts. These must be disclosed immediately and recorded.

7 RECORDING CONFLICTS OF INTEREST

All identified conflicts must be recorded in the Conflict of Interest Register. The Register must include:

- Description of the conflict;
- Parties involved;
- Date identified;
- Risk assessment;

- Mitigation measures implemented;
- Disclosure actions taken;
- Ongoing monitoring arrangements.

The Register must be reviewed periodically by the Directors and made available to the Compliance Officer upon request.

8 ASSOCIATES AND 3RD PARTIES

Associations, group structures and shared roles may give rise to perceived or actual conflicts. Holding a financial interest in any supplier, client, competitor or related entity may constitute a conflict.

Alexander Babich & Associates may not describe itself as “independent” if there is:

- A direct or indirect ownership interest; or
- A material relationship with a product supplier.

All such relationships must be fully disclosed in sufficient detail to allow stakeholders to understand:

- The nature of the relationship;
- The potential conflict;
- The mitigation controls in place.

Current material relationships:

The Company records that Alexander Babich, holds a direct interest in Independent Adviser Solutions (“IAS”) that operates under a Category 2 licence in terms of applicable South African financial services legislation.

9 INSIDER TRADING

No person may trade, recommend or act upon material non-public information. The following rules apply:

- Material information must not be disclosed to unauthorised persons until publicly released. Spouses, friends, suppliers, brokers, and others who may have acquired the information directly or indirectly are also “insiders.”

- No person may buy or sell securities when they have knowledge of material information concerning the business, until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees may not buy or sell shares based on inside information, where the share price may be affected by the information
- Competitor intelligence may not be gathered illegally, and no person may act on illegally obtained information.
- Exaggerating or disparaging comparisons of the services and competence of competitors must be avoided.

Misuse of material inside information in connection with trading in securities can expose Alexander Babich & Associates and the individual to legal liability and penalties.

10 REMUNERATION

The FSP is remunerated through:

- Commissions via service provider

All fees:

- Are agreed in writing in advance;
- Are transparent and disclosed;
- Are commensurate with the services rendered; and
- May be terminated in accordance with the client mandate.

Staff are remunerated through fixed salaries.

Remuneration structures do not include commission-based or placement-driven incentives and compensation is not structured in a manner that would encourage product bias, excessive risk-taking or conduct inconsistent with fair client outcomes.

The remuneration framework is designed to support independence of judgement, mandate integrity and alignment with client interests.

11 OUTSIDE RELATIONSHIPS

Directors and staff may not use their position, access to information, relationships with service providers for personal benefit.

Any external role, directorship, employment, consultancy or material business interest that may intersect with the activities of Alexander Babich & Associates must be disclosed in writing and recorded in the Conflict of Interest Register.

Where this creates a conflict, appropriate mitigation measures must be implemented, including recusal from deliberation or restricted access to information.

12 COMPETITORS

Market conduct must at all times be lawful, fair and consistent with ethical standards. Directors and staff may not:

- Obtain competitor information through unlawful or improper means;
- Use confidential information inappropriately;
- Make exaggerated, misleading or disparaging statements about competitors.

13 GIFTS, BRIBES AND INDUCEMENTS

Alexander Babich & Associates prohibits bribery, inducements or excessive hospitality intended to influence portfolio construction, governance decisions or related-party allocations.

Representatives and the FSP may receive non-cash financial interests from product providers, platforms or other financial institutions only up to a maximum of R1 000 per calendar year per provider. The following principles apply:

- Gifts exceeding the annual limit may not be accepted and must be returned or paid for personally;
- Gift limits may not be pooled or aggregated across multiple representatives;
- All gifts, whether given or received, must be recorded in the Gifts and Non-Cash Incentives Register within five working days.

No gift or hospitality may influence asset allocation decisions, mandate implementation or governance outcomes.

14 SOFT COMMISSIONS

Soft commission is commission given in a non-cash form. Soft commission arrangements may give rise to transparency and governance risks, particularly within investment structures.

Alexander Babich & Associates will only enter into a soft commission arrangement where:

- The arrangement is documented in writing;
- It is demonstrably in the interests of investors;
- It does not compromise objective portfolio construction;
- Full disclosure is made to the relevant institutional counterparties.

Where a soft commission arrangement exists:

- Goods or services received must directly enhance investment or governance services;
- The arrangement must be capable of independent scrutiny;
- Any material change must be disclosed.

15 CONFIDENTIALITY

Proprietary, confidential, and sensitive business information about Alexander Babich & Associates, associates, clients, individuals and entities must be treated with sensitivity and discretion and only shared on a need-to-know basis, when there is proper authority.

Disclosure of confidential information is not permitted without written permission of a senior member of management. Participating in any activity that might lead to or give the appearance of unapproved disclosures of confidential information or client confidential information is not allowed.

16 TRAINING AND GENERAL AWARENESS

All Directors, Key Individuals and staff must:

- Be informed of this Policy;
- Undergo induction training;

- Complete annual refresher training;
- Confirm understanding of their conflict obligations.

Updated versions of the Policy must be circulated promptly.

17 MANAGEMENT REPORTING

Conflict oversight forms part of the Directors' ongoing governance responsibilities and must be considered at least quarterly. Deliberations, decisions and actions taken must be formally recorded.

Relevant extracts of these records must be made available to the Compliance Officer on request for compliance monitoring and regulatory reporting purposes.

18 RECORDS

All conflict-related records must be retained securely for a minimum of five (5) years. This includes:

- Conflict declarations;
- Conflict Register entries;
- Board and Investment Committee minutes;
- Mitigation actions;
- Disclosure records;
- Training records;
- Breach investigations

19 DISCLOSURE OF POLICY

Clients must be informed of the existence of this Conflict of Interest Policy through statutory disclosure documentation. The Policy is also available on our company website.

20 POLICY BREACH

Breach of this Policy constitutes serious misconduct and may result in:

- Disciplinary action;
- Regulatory reporting;
- Removal from governance roles;

Misuse of insider information may result in civil, criminal and regulatory consequences.

CONFLICT OF INTEREST MANAGEMENT PROCEDURE

WHAT CONSTITUTES A CONFLICT OF INTEREST

- **Actual Conflict:** A situation that currently compromises objective judgment.
- **Potential Conflict:** A situation that could compromise judgment if circumstances change.

Conflicts may arise from:

- Personal relationships (family, close friends, partners).
- Financial interests (shares, ownership, referral arrangements).
- Outside business activities or secondary employment.
- Incentives, gifts, or benefits from product suppliers or third parties.
- Any situation that may impair independence, objectivity, or the fair treatment of clients.

THE FOLLOWING MUST BE AVOIDED

- Insider-trading-type behaviour.
- Incentives to place business with one product provider (unless objectively justified).
- Gifts or financial interests exceeding **R1 000 per year**.
- Receiving support such as office rental, equipment, or staff paid for by product suppliers.
- Disclosing confidential information without authorisation.
- Using your role to obtain personal advantages.

THE FOLLOWING MUST BE DISCLOSED

- Any personal or business relationship linked to a client, product supplier, or service provider.
- Referral-fee arrangements.
- Shareholding of 10% or more in a product supplier.
- More than 30% of revenue received from one product provider.
- Sponsored education events (excluding travel or accommodation).

REFERRAL FEES

Before entering into any referral arrangement:

- The referrer and referee must consent to sharing personal information
- A written referral agreement must be kept on file.
- All payments and related business must be logged.
- Clients must receive written disclosure of the referral and remuneration.

STEP 1: IDENTIFY A CONFLICT OF INTEREST

1. The employee, representative, or mandated person must continuously assess whether any **actual or potential conflict of interest** exists.
2. Consider:
 - Personal relationships.
 - Financial interests.
 - Outside business activities.
 - Incentives, gifts, benefits, or referral arrangements.
 - Any circumstance that could impair independence, objectivity, or fair client outcomes.
3. If **no conflict exists**, no further action is required.
4. If **an actual or potential conflict exists**, proceed to Step 2.

STEP 2: DETERMINE WHETHER THE CONFLICT CAN BE AVOIDED

1. Assess whether the conflict can be **eliminated or avoided entirely**, for example by:
 - Declining a benefit or incentive.
 - Recusing yourself from the transaction or decision.
 - Redirecting the matter to another independent representative.
2. If the conflict **can be avoided**:
 - Avoid it.
 - Record the decision and rationale.
 - Disclose to the client where relevant.
3. If the conflict **cannot be avoided**, proceed to Step 3.

STEP 3: ASSESS PERMISSIBILITY AND MATERIALITY

For unavoidable conflicts, formally assess the situation by asking:

1. **Is it legal?**
2. **Is it permitted under legislation and internal policy?**
3. **Is it ethical and defensible?**
 - If the answer to **any** question is *No*:
 - Do not proceed.
 - Withdraw from the activity or transaction.
 - Record the decision and notify management.
 - If the answer to **all** questions is *Yes*, proceed to Step 4.

STEP 4: RECORD THE CONFLICT OF INTEREST

1. Complete a **Conflict of Interest Disclosure Form**, detailing:
 - The nature of the conflict.
 - The potential impact on objectivity or client outcomes.
 - Measures taken to avoid or mitigate the conflict.
 - Feasible alternatives considered.
2. Submit the completed form to management / the COI Champion.
3. Ensure the conflict is logged in the **COI Register**.

STEP 5: OBTAIN MANAGEMENT APPROVAL (WHERE REQUIRED)

1. Where the conflict is **material**, unclear, or ongoing:
 - Management approval must be obtained **before proceeding**.
2. Management will:
 - Review the disclosure.
 - Determine whether the conflict may proceed.
 - Impose mitigation conditions where necessary.
3. If approval is **not granted**, the activity must not proceed.
4. If approval is **granted**, proceed to Step 6.

STEP 6: DISCLOSE THE CONFLICT TO THE CLIENT

1. Before any transaction:
 - Disclose the conflict in writing to the client.
2. The disclosure must clearly explain:
 - The nature of the conflict.
 - The potential impact.
 - How it will be managed or mitigated.
 - Available alternatives.
3. Obtain **written confirmation** from the client acknowledging the disclosure and consent to proceed.
4. Provide the client with a copy of the disclosure.

STEP 7: EXECUTE WITH ONGOING MONITORING

1. Proceed with the transaction once:
 - Disclosure has been made.

- Client confirmation is obtained.
 - Management approval (if required) is documented.
2. Monitor the situation on an ongoing basis to ensure:
- The conflict does not escalate.
 - Mitigation measures remain effective.

GIFTS AND ENTERTAINMENT CONTROL

1. All gifts and benefits must:
- Be approved by management before acceptance.
 - Be recorded in the Gifts Register.
2. Once the **R1 000 annual threshold** per provider is reached:
- No further gifts may be accepted.
 - Any further gifts must be declined or returned.

REFERRAL FEE MANAGEMENT

Before entering into any referral arrangement:

1. Obtain management approval.
2. Ensure:
 - A written referral agreement is signed.
 - Consent is obtained to share personal information.
 - All payments and related business are logged.
3. Disclose referral arrangements and remuneration to affected clients in writing.

RECORDKEEPING AND REVIEW

Retain all COI records, disclosures, approvals, and registers for **at least five years**.

1. Treat all COI information as confidential.
2. Review:
 - The COI register.
 - Disclosure trends.
 - Mitigation effectiveness

at least annually, or more frequently where risk dictates.

DECISION PROCESS

STEP 1: IDENTIFY



Ask: “Is there an actual or potential conflict?”

- If No
 - If Yes
- ➔
- No action required
 - Move to Step 2

STEP 2: ASSESS



Ask: Is it legal? AND
Is it permitted by policy? AND
Is it ethical and fair to the client?

- If No
 - If Yes
- ➔
- **DO NOT PROCEED. Disclose & record.**
 - Move to Step 3

STEP 3: AVOID



Ask: “Can the conflict be avoided?”

- If Yes
 - If No
- ➔
- Avoid and disclose to the client.
 - Move to Step 4

STEP 4: RECORD

- Record the situation, and the decision, with reasons.
- If proceeding, make sure there is full disclosure to the client **before any transaction.**