



## **CONFLICTS OF INTERESTS MANAGEMENT POLICY**

*In terms of the Financial Advisory and Intermediary Services Act, (Act No. 37 of 2002) ("FAIS")*

**Cargill RSA (Pty) Ltd**

**FSP: 34023**

## **Executive Summary**

The General Code of Conduct for Authorised Financial Service Providers (FSPs) and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, (Act No. 37 of 2002) (“FAIS”), requires financial service providers to have a Conflicts of Interest Management Policy in place to ensure that conflicts of interest are managed appropriately within the entity. The purpose of this policy is to assist **Cargill RSA (Pty) Ltd (“Cargill”)** and its employees to identify potential and actual conflicts of interest and manage them appropriately.

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## Introduction

The Corporate Guiding Principles Handbook, **Cargill Code of Conduct**, states the following:

### **Conflicts of interest**

*We must all avoid conflict of interest situations where our personal interests could inappropriately influence our business judgment.*

*Examples of situations in which a conflict could exist include:*

- *Accepting outside employment that is inconsistent with Cargill's interests—for instance, working for a competitor or starting your own line of business that competes with Cargill*
- *Allowing a personal relationship to influence a business decision—for instance, hiring a family member as an employee or a vendor*
- *Discovering a potential business opportunity for Cargill during your job and using it for your own gain*
- *Accepting gifts or entertainment that affect—or could appear to affect— your business objectivity*

*It's not always clear whether an activity creates a conflict of interest. For this reason, you should discuss any potential conflicts with your manager.*

### *Personal Account Trading*

*You are not allowed to trade for your own account any swaps, futures, options, or similar instruments related to commodities in which Cargill trades, other than for legitimate hedging operations for personal business activities and only after you get approval from your business or function leader.*

## **Business Gifts and Entertainment**

*Used correctly, gifts and entertainment can promote goodwill and reinforce strong business relationships. In some cultures, gifts may be customary and expected. However, because gifts and entertainment carry value for the recipient, it's important to consider them carefully and avoid situations in which they might diminish—or appear to diminish—your objectivity or someone else's.*

*Follow these requirements:*

*Always follow your location's gifts and entertainment policy. In addition:*

- *Do not give or accept any gift or entertainment where it could cause—or give the appearance of causing—Cargill to grant or receive any favor in return.*
- *Do not give or receive extravagant gifts or entertainment. The value of all gifts and entertainment should be reasonable and modest.*
- *Avoid gifts or entertainment that coincide with purchasing, sales or trading decisions, since these could appear to improperly influence the decisions.*
- *Do not give or accept cash or cash equivalents such as gift cards, gift certificates or vouchers with denominated spending amounts.*

*If you interact with the government, understand the laws and regulations for dealing with government officials. These laws and regulations vary from place to place and are often stricter than the rules that apply to commercial counterparties. Even simple offers such as buying lunch for a government official may be unacceptable or against the law in some situations.*

Further to the above and in terms of clause 3(A)(2)(a) of the General Code of Conduct for Authorised Financial Services Providers and their Representatives of 2003, as amended by Board Notice 58 of 2010, Cargill RSA must adopt, maintain and implement a conflict of interest management policy.

## **Policy Principles**

In rendering a financial service, the client's interests must come before those of Cargill and / or its representative. Where the interests of Cargill and / or its representatives come before or prejudice the client's interests, then a conflict of interest arises. A conflict of interest must be dealt with in terms of this policy.

## **Persons To Which This Policy Applies**

This policy applies to:

1. Directors and officers of Cargill, whether acting individually or collectively;
2. Cargill Key Individuals as envisaged in the FAIS Act;
3. Cargill Representatives as envisaged in the FAIS; and
4. any person or collective of persons within Cargill that can influence the activities of Cargill.

## **What are Conflicts of Interest**

A "Conflict of interest" is any situation, including financial interest, ownership interest, or any relationship with a third party, in which a provider or FAIS representative has an actual or potential interest that may:

1. influence the objective fulfillment of obligations to a client;
2. influence the offering of unbiased and fair advice or service to a client; or
3. prevent the provider or FAIS representative from acting in the best interests of a client.

Examples of Conflicts of Interest may appear in situations where Cargill:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
2. 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;
3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. receives or will receive from a person other than the client an inducement or financial interest in relation to a service provided to the client, in the form of monies, goods or services, other than the standard or legislated commission or fee for that service.

### Managing Conflicts of Interest

In order to effectively manage Conflicts of Interest, Cargill must identify all known and potential conflicts that exist in relation to clients and these are to be listed on the **Conflicts Register (Appendix A)**. The conflict mitigation measure must also be stated next to the conflict identified on the above register

***Examples of measures for managing conflicts may include:***

1. procedures to prevent or control the exchange of information between relevant persons engaged in activities involving the risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients; (chinese walls/segregation of duties)
2. the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict those of Cargill;
3. the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
4. measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities; and measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

Cargill Key Individuals and Board must monitor the Conflicts Register and, on a regular basis, evaluate the adequacy and effectiveness of its measures and internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies.

## Disclosing an Interest

If the measures taken by Cargill to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Cargill must clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client. The disclosure must be made in writing and include sufficient detail, taking into account the nature of the client, to enable that client to make an informed decision with respect to the service in the context of which the conflict of interest arises. If Cargill determines that it is unable to manage a conflict of interest using one of the methods described above, it may choose to decline to act on behalf of the client concerned.

## Disclosing of Associates and ownership interests

Certain associations or ownership interests in other companies may create conflicts with the interests of clients, and, due to this the FAIS Act requires that this policy includes a list of all associates and ownership interests that Cargill has with or in other companies. The **List of Associates** is appended hereto as **(Appendix B)**.

## Gifts and Inducements

Clients, for a variety of reasons, may offer gifts to Cargill staff such as annual celebrations or to commemorate the completion of a large and/or complicated transaction. Often, it would be considered impolite to refuse. Care must be taken to ensure that such gifts cannot be construed as an inducement to provide a service more favorably to that client ahead of another.

**The FAIS rules with regard to gifts and inducements are as follows:**

1. Gifts with a cumulative value of less than R1000 per Representative per annum are allowed.
2. Gifts with a cumulative value greater than R1000 per Representative per annum must be refused and notification sent to the Key Individual.
3. No cash gifts may be accepted.

**In terms of Cargill RSA's policy on gifts, all gifts received may not be kept and must be handed over to HR. The gifts will be recorded on the existing Cargill Gifts Register and dealt with as outlined in this policy.**

## Appendix A Conflicts Of Interest Register

Purpose -To record the incidence of conflicts of interest identified to ensure compliance with the requirements of the FAIS Act. This REGISTER is intended as a summary document only.

PERCEIVED CONFLICTS OF INTEREST IDENTIFIED	ACTUAL CONFLICTS OF INTEREST IDENTIFIED	PERSON THAT IDENTIFIED CONFLICT	MITIGATION METHOD or CONTROL MEASURE



**Appendix B List of Associates**

**Purpose: to provide clients with an understanding of groups structures if applicable**

<b>NAME</b>	<b>RELATIONSHIP</b>