



Tyme Bank Limited trading as TymeBank (“TymeBank”)

# Conflict of Interest Management Policy

February 2021

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## 1. Introduction

Tyme Bank Limited (“**TymeBank**”) recognises that conflicts of interest may arise in the provision of TymeBank’s products and services and these need to be appropriately identified and managed.

The appropriate identification and management of conflicts of interest is crucial to ensure that the interests of TymeBank’s customers are protected. Failure to do so may result in the loss of trust and confidence of TymeBank’s existing and potential new customers which may result in adverse legal, regulatory and reputational risk. TymeBank is therefore committed to the effective management of conflicts of interest in accordance with the requirements of the Financial Advisory and Intermediary Services Act (“**FAIS**”) and the FAIS General Code of Conduct. If conflicts of interest cannot be avoided they must be mitigated and managed reasonably and in the customer’s interest.

The purpose of this Conflict of Interest Policy (“**Policy**”) is to assist TymeBank in:

- Meeting its legal and regulatory obligations in relation to the management of conflicts of interest in terms of the FAIS Act;
- Defining and outlining the key principles around the management of conflicts of interest that may arise and how these need to be managed through disclosure, avoidance or control;
- Ensuring that actual or potential conflicts of interest and the associated risks are appropriately identified, assessed and managed; and
- Implementing processes, procedures, system requirements, training and awareness to ensure conflicts of interest are appropriately managed and recorded.
- Avoiding legal liability, possible fines and reputational damage arising from any conflict of interest.

Failure to comply with this policy is inconsistent with the values and expected risk behaviours of TymeBank. Failing to comply may result in disciplinary action, including loss of performance payments and/or termination of employment.

## 2. Scope

This Policy applies to TymeBank as well as all its employees, contractors, temporary staff and directors of TymeBank. This Policy further applies to TymeBank’s relationships with third parties.

This Policy recognises the regulatory regime in which TymeBank operates as detailed below:

- TymeBank is subject to, and must comply with, South African law and regulatory oversight, including that of the South African Reserve Bank (“**SARB**”) and the Financial Sector Conduct Authority (“**FSCA**”);
- TymeBank must also comply with any and all applicable regulations and legislation, particularly the FAIS Act and the FAIS General Code of Conduct;
- This Policy should be read in conjunction with TymeBank’s Risk Appetite Statement, Compliance Manual, Operational Risk Management Framework (“**ORMF**”), the Anti-Bribery and Corruption Policy and Code of Ethics and any other relevant policies and standards that apply from time-to-time.

### 3. Key Terms

Key terms to support comprehension of this Policy are detailed in the table below.

Term	Abbreviations
Operational Risk Management Framework	ORMF
Financial Advisory and Intermediary Services Act, 37 of 2002 (as amended)	FAIS
Financial Sector Conduct Authority	FSCA

Term	Definition
Conflict of Interest	<p>In terms of the FAIS General Code of Conduct for Authorised Financial Services Providers<sup>1</sup> a conflict of interest is any situation in which TymeBank or an employee of TymeBank has an actual or potential interest that may, in rendering a financial service to a client:</p> <ul style="list-style-type: none"> <li>• influence the objective performance of his/her/its obligations to that client; or</li> <li>• prevent TymeBank or an employee from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to- <ul style="list-style-type: none"> <li>○ A financial interest;</li> <li>○ An ownership interest;</li> <li>○ Any relationship with a third party.</li> </ul> </li> </ul> <p>A conflict of interest can therefore arise:</p> <ul style="list-style-type: none"> <li>• Where the interests of TymeBank, TymeBank employees or external third parties are inconsistent with, or diverge from some or all the interests of a customer which influence the objective performance of obligations or the rendering of unbiased financial service or acting in the best interest of the customer.</li> <li>• Where the interests of TymeBank employees are inconsistent with, or diverge from, the interests of TymeBank.</li> </ul>

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As published by Board Notice 80 in Government Gazette 25299 dated 8 August 2003 and amended by Notice 706 in Government Gazette 43474 dated 26 June 2020

	<ul style="list-style-type: none"> <li>• Between various types of customers of TymeBank.</li> <li>• Between different functions that TymeBank or TymeBank Group performs, including between TymeBank and its partners.</li> <li>• Any references to “conflict” or “conflicts of interest” in this Policy include actual, perceived or potential conflicts of interest.</li> </ul>
Conflict Owner	Means the division, team member or individual responsible for managing a specific conflict. Where this responsibility sits will be assessed on a case-by-case basis.
Customer	Means customer, clients or any other person or entity where a fiduciary relationship exists.
Financial Interest	Includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration <sup>2</sup>
Immaterial Financial Interest	Means any 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– <ul style="list-style-type: none"> <li>• a provider who is a sole proprietor; or</li> <li>• a representative for that representative's direct benefit;</li> <li>• a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives</li> </ul>
Ownership Interest	means– <ul style="list-style-type: none"> <li>• any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary</li> </ul>

<sup>2</sup> Excludes:

(a) an ownership interest;

(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;

(c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;

	<p>interest held as an approved nominee on behalf of another person; and</p> <ul style="list-style-type: none"> <li>• includes any dividend, profit share or similar benefit derived from that equity or ownership interest</li> </ul>
Third party	Means a product supplier, another Financial Services Provider, an associate of a product supplier or a provider, a distribution channel or any person who provides a financial interest to TymeBank.

## 4. Policy Principles

### 4.1. Principle 1: Awareness of Conflicts

All TymeBank employees and relevant external third parties are required to understand conflicts of interest, how they may arise and what should be done when conflicts are identified. Employees will be trained on this Policy and the Code of Ethics on an annual basis to assist employees to identify conflicts of interest. Where there is any uncertainty as to the existence of a perceived conflict of interest or how to deal with such a conflict, employees are encouraged to approach the Compliance team for further guidance.

Below are some specific examples of circumstances that may give rise to a conflict of interest:

- Where employees receive gifts and entertainment that could influence their decision making in a way that conflicts with the interest of customers.
- The interests of TymeBank, an associate, a department or an employee may be different to that of the customer's, resulting in a negative impact on the customer.
- A TymeBank employee may from time-to-time serve as a director of a public or private company which competes with TymeBank's products or services.
- An employee who has a beneficial interest in or a personal relationship with a vendor and recommends the vendor for purposes of providing services to TymeBank.
- An employee holds a material shareholding in a company that is a supplier to TymeBank.
- TymeBank receives revenue from a third party or where it stands to benefit from a source other than the fees agreed with the customer.

### 4.2. Principle 2: Identifying, Avoiding and Managing Conflicts

Where possible, conflicts of interest must be avoided. However, where avoidance of a conflict of interest is not possible, same must be managed in a way that enhances consumer confidence, market integrity, fairness, honesty and maintains high professional standards.

The overarching approach to dealing with a conflict of interest is to follow these steps:

- **Identify** – understand what a conflict is, and how it may arise in relation to day to day operations, responsibilities and activities.
- **Avoidance** – when a potential conflict of interest is identified, TymeBank will consider

whether it is reasonably possible and practical to avoid the conflict of interest.

- **Act** – act with integrity and in a manner aligned with the principles of this Policy.
- **Manage** – where it is not possible to avoid the conflict of interest, the reasons therefore must be provided to TymeBank Compliance and measures must be taken to manage the conflict of interest and mitigate the risk.

Conflicts of Interest must be managed in a way that enhances:

- Consumer confidence;
- Fairness, honesty and professionalism; and
- Market integrity.

Where a conflict or potential conflict is identified, the following actions must be taken:

- **Notify** – the TymeBank Chief Compliance Officer who will give due consideration to the circumstances of the case before determining if a conflict of interest exists. If it is not possible to avoid the conflict of interest, reasons for this must be provided to the Chief Compliance Officer together with mitigating measures proposed to reduce the risk of the conflict.
- **Record** – the conflict by completing a Conflicts of Interest Declaration.
- **Allocate** – a Conflict Owner to ensure effective ongoing management of the conflict.
- **Disclose** – if the conflict involves a customer and the conflict cannot be avoided, full disclosure of the conflict of interest will be made to the customer and the measures to be taken to mitigate the risk.

Any personal relationships with external third parties, TymeBank employees or suppliers must not influence or prejudice obligations to the customer or TymeBank.

Potential and actual conflicts of interest need to be considered when deciding whether to offer or accept gifts and entertainment. Decisions to offer or accept gifts and entertainment must not be made with the intention to influence a public official, obtain or retain business or a business advantage.

Potential and actual conflicts of interest need to be considered during appointment to role processes, including student work experience placements. Hiring decisions must not be made with the intention to influence a public official, obtain or retain business or a business advantage.

Reporting lines and internal structures need to support the conflict management arrangements within TymeBank. The effect of organisational structure, physical layout and reporting lines on identifying, assessing, avoiding or managing conflicts must be considered.

#### **4.2.1. Controlling Conflicts**

Adequate processes and procedures must be implemented and regularly reviewed. The processes and procedures are required to:

- Identify conflicts of interest;
- Assess and evaluate those conflicts; and
- Decide and implement an appropriate response to those conflicts i.e. avoid or manage.

Whenever a potential conflict is identified the Bank will first consider if there are any means to avoid the conflict. However, where conflict cannot reasonably and practically be avoided, the conflict must be mitigated. Ensure that where there are conflicts and same cannot be avoided,

the interests of the customer and the quality of the services TymeBank provides are not compromised.

Below are some of the measures to be applied to control conflicts of interest:

- TymeBank requires all employees to report perceived or actual conflicts of interest to the Compliance Department. Compliance will consider the circumstances of the case before determining if it is in fact a conflict of interest and will recommend how best to manage it if it is not possible to avoid it. Please refer to paragraph 4.3 below with respect to the process to be followed to submit a conflict of interest declaration.
- Annual acknowledgement of employees' awareness and understanding of this Policy.
- Segregation of duties (i.e. for example employees employed in regulatory oversight and review roles such as the Compliance team and internal audit are not permitted to have operational responsibilities).
- All remuneration and pay structures must be structured in a manner which does not give rise to any unmanageable conflicts of interest and must comply with the limitations prescribed by the FAIS General Code of Conduct. Refer in this regard to paragraph 4.4 below (Principle 4: Limitations applicable to financial interests offered and received with respect to third parties).
- All dealings with associates must be conducted at arm's length.
- Any arrangements with associates must be documented and where there are material changes to the arrangement, the documentation must be reviewed to ensure the arrangement continues to be at arm's length.
- When entering into party arrangements with associates, additional regulatory obligations may apply. In all such instances TymeBank's Chief Compliance Officer must be consulted and evidence of such consultation must be retained.
- Relevant statutory and fiduciary obligations towards customers must be met. Where there is a conflict between the interests of a relevant third party and TymeBank's own interests, TymeBank must give priority to the interests of the customer. Where the conflict of interest cannot be avoided, the procedure for managing conflicts of interest as set out in this policy must be followed.
- Annual training of employees on conflicts of interest.
- Avoiding conflicts of interest by declining to act in circumstances where the Bank is unable to mitigate or manage the risk appropriately.

#### **4.2.2. Disclosing Conflicts**

- All employees are required to complete an annual attestation during which employees will record their ownership interests (for example: disclosure of shares held in companies or other remuneration received outside of TymeBank) and financial interests. Approval is required from an employee's line manager and from Compliance to ensure that a financial interest received or offered complies with this Policy as well as the Anti-bribery and Corruption Policy.
- Disclosure of ownership and financial interest is also required at every meeting of the Board.
- Key individuals are required to sign an annual declaration confirming that he/she is fit and proper to act in this role and is required to disclose any potential of actual conflicts of interest and the measures that were taken to avoid or mitigate the conflict of interest.
- Where the circumstances require it, and there are no other means available to adequately

mitigate the risk to the customer, TymeBank will as soon as reasonably possible disclose the conflict of interest to the affected customer(s) to enable the customer(s) to make an informed decision as to whether to continue with the service.

For disclosure to be effective as a means of managing conflicts, any disclosure must be:

- **Timely** – the disclosure must be before or when the relevant service is provided.
- **Prominent** – the disclosure must be clear and easy for the customer or third-party to read.
- **Specific** – the disclosure must refer to the specific service or transaction to which the conflict relates. A generic disclosure is not acceptable.
- **Meaningful** – the disclosure must contain sufficient detail for the customer to understand the potential impact of the conflict on the provision of the financial service.

#### **4.2.3. Avoiding Conflicts**

Situations may arise where conflicts cannot be disclosed due to reasons which may include confidentiality or insider trading obligations. Where it is not possible to control these conflicts, for example through the use of information barriers, they must be avoided. This may mean that TymeBank must decline or cease to offer the product or service.

TymeBank employees and external third parties must avoid placing themselves in a position where they stand to benefit, directly or indirectly, from a transaction between TymeBank and another party. Where there is any likelihood of such a conflict arising, full disclosure is required to Line Management and Compliance.

Disclosure should be made, and approval obtained, prior to acting and details must be recorded in the Conflicts of Interest Register.

Where the continuing presence of a conflict, even when disclosed, will be incompatible with the requirements of treating customers fairly or where the provision would constitute a breach of law, the conflict must be avoided.

Gifts and entertainment must not be offered or received if they may give risk to actual or potential conflicts of interests. Please refer to the Anti-Bribery and Corruption Policy with respect to the procedure for disclosing and approving gifts.

#### **4.3. Principle 3: Recording Conflicts of Interest**

Adequate processes and procedures must be in place to ensure that conflicts of interest and details of how they are managed and monitored, are adequately documented.

Records of conflicts identified, and actions taken must be kept for at least 5 (five) years including any reports to Compliance about conflicts, and any written disclosures about conflicts which are given to customers or the public.

TymeBank must establish, implement, maintain and monitor a conflicts of interest register of financial interests to prevent business conflicts.

When reporting a potential or actual conflict of interest to Compliance, the employee must complete the conflict of interest declaration and email same to Compliance at [compliance@TymeDigital.com](mailto:compliance@TymeDigital.com).

The conflict of interest declaration is available under the Compliance Policies page on Confluence

(<https://ambcba.atlassian.net/wiki/spaces/TCP/pages/1139705070/Compliance+Policies>), alternatively, the form can be requested from the Compliance team.

Conflicts of interest identified must be disclosed and recorded by all TymeBank employees on the conflicts of interest declaration except in situations where doing so may breach confidentiality or insider trading obligations.

#### **4.4 Principle 4: Limitations applicable to financial interests offered and received with respect to third parties**

In terms of the FAIS General Code of Conduct, TymeBank may only receive or offer the following financial interests from or to a third party:

- Commission authorised under the Long-term Insurance Act No. 52 of 1998 or the Short-term Insurance Act No. 131 of 1998.
- Fees authorised under the Long-term Insurance Act No. 52 of 1998, the Short-term Insurance Act No. 131 of 1998 or the Medical Schemes Act No. 131 of 1998.
- Fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if–
  - the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by TymeBank in exchange for the fees are specifically agreed to by a client in writing; and
  - those fees may be stopped at the discretion of that client.
- Fees or remuneration for the rendering of a service to a third party;
- An immaterial financial interest.
- A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by TymeBank at the time of receipt thereof.

#### **4.5 Principles 5: Training and Attestation**

Employees will receive annual training on the Conflicts of Interest Policy and are required to acknowledge their awareness and understanding of this Policy and complete the annual attestation. Training completion registers will be retained by TymeBank.

### **5. List of Third Parties, Associates and Ownership Interest**

The FAIS General Code of Conduct requires TymeBank to disclose the following relationships:

- The associates of TymeBank;

- Third Parties that TymeBank holds an ownership interest in as well as the nature and extent of the ownership interest; and
- Third Parties that hold an ownership interest in TymeBank as well as the nature and extent of the ownership interest.

For a list of Tyme Bank’s associates, third parties in which TymeBank holds an ownership interest and third parties that hold an ownership interest in TymeBank, please refer to Tyme Bank’s Annual Basel Pillar 3 disclosure report and Annual Financial Statements as published on TymeBank’s website: <https://www.tyembank.co.za/legal/disclosures/> alternatively, email the Compliance Department at [compliance@TymeDigital.com](mailto:compliance@TymeDigital.com).

## 6. Potential or Actual Breaches of Obligations

In respect of breaches to this Policy, the reporting requirements outlined in this section 6 must be followed.

In addition, an assessment needs to be determined by TymeBank’s Chief Compliance Officer as to whether or not the breach is a reportable breach. Such assessment must be documented, and evidence must be retained.

TymeBank employees and anyone impacted by this Policy must report all allegations of non-compliance or other related concerns to the whistle-blower hotline at the earliest opportunity or upon the concern being discovered. Avenues for reporting such concerns can be found in the table below:

<b>Whistle-blower / Tip-offs</b>	<ul style="list-style-type: none"> <li>• 24-hour hotline – 0800 444 427</li> <li>• Email – <a href="mailto:tyembank@tip-offs.com">tyembank@tip-offs.com</a></li> <li>• Web – <a href="http://www.tip-offs.com">www.tip-offs.com</a></li> </ul>
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## 7. Governance

The Chief Compliance Officer supported by the TymeBank Compliance team has operational oversight of this Policy and may delegate responsibilities set out under this Policy. This Policy must be reviewed at least once annually (but more frequently if required) to ensure it remains current and up-to-date. If required, any updates to the Policy will first be approved by the Board.

## 8. Monitoring and Assurance

The Compliance team must ensure that the risk-based monitoring of risks highlighted in this Policy and the adequacy of controls to address such risks is continuously reviewed and updated. Non-compliance should be tracked, reported, remediated, and control improvements must be implemented. Any non-compliance breaches need to be escalated to the Compliance team and reported to the Social and Ethics Committee and any other Committee as required.

## 9. Role and Responsibilities

Role:	Responsibilities:
Social and Ethics Committee	<ul style="list-style-type: none"> <li>• To oversee compliance with this Policy</li> <li>• Ensure that this Policy is effectively implemented and complied with.</li> <li>• Ensuring that conflicts of interest are properly managed where same cannot be avoided.</li> </ul>
Compliance Department	<ul style="list-style-type: none"> <li>• Drafting and maintaining this Policy;</li> <li>• Monitor compliance with this Policy; and</li> <li>• Work with the Human Resources Department as well as the Marketing Department in the development of communication materials for TymeBank.</li> <li>• Report non-compliance of this Policy to the Social and Ethics Committee</li> </ul>
TymeBank Business	<ul style="list-style-type: none"> <li>• Implement this Policy by developing processes that support it and ensuring that the Policy is implemented in the respective business areas;</li> <li>• Ensuring relevant TymeBank employees are aware of this Policy as well as the obligations arising from applicable legislation; and</li> <li>• Perform monitoring and reviews and escalate findings to the relevant governance committees as necessary;</li> <li>• Notifying Compliance of any potential or actual conflicts of interest.</li> </ul>

## 10. Availability of Policy

This policy will be published on TymeBank's website (<https://www.tyembank.co.za/>) in compliance with the requirement of the FAIS General Code of Conduct.

## 11. Compliance Reporting

In terms of the FAIS General Code of Conduct, TymeBank Compliance must include a report on TymeBank's conflict of interest management policy in compliance reports submitted to the Registrar under the FAIS Act from time-to-time. The report will refer to the implementation, monitoring and compliance with and the accessibility of this Policy.

## 12. Other Policies

This Policy must be read with the Anti-Bribery and Corruption Policy, Code of Ethics and Procurement Policy.