

IMPORTANT NOTICE

This document is a template for guidance purposes only and is therefore to be used with caution. The Agent must modify it to comply with his own internal processes and specific circumstances.

OUR AGENCY’S CONFLICT OF INTEREST MANAGEMENT POLICY

1. DEFINITIONS

In this policy document, any word or expression to which a meaning has been assigned in the Act or the Rules, unless the context otherwise indicates, shall have that meaning, and the following words shall have the following meanings:

“Agency”	means (insert full name of agency)
“Compliance Officer”	means the internal Compliance Officer appointed by the Agency to monitor compliance with the Policy and to implement the Policy and review same from time to time and to provide training to Representatives;
“Conflict of Interest”	includes any situation in which an agent or an employee has an actual or potential interest that may, in rendering a service to a Principal – (a) influence the objective performance of his obligations to that Principal; or (b) prevent an agent or employee from rendering an unbiased and fair service to that Principal, or from acting in the best interests of that Principal including, but not limited to- (i) a Financial Interest; (ii) an Ownership Interest; (iii) any relationship with a third party;
“Council”	means the Agricultural Produce Agents’ Council established by section 2 of the Act;
“Customer”	means the person or entity to whom livestock is sold or to whom services are rendered on behalf of the Principal;

“Financial Interest”	means a direct interest of a financial, monetary or economic nature, or to which a monetary value may be attributed, other than an immaterial Financial Interest;
“Immaterial Financial Interest”	means any Financial Interest with a determinable monetary value, the aggregate of which does not exceed R10 000 (ten thousand Rand) in any calendar year from the same Third Party in that calendar year received by- <ul style="list-style-type: none"> (a) an agent; or (b) an employee for his direct or indirect benefit; (c) a livestock agent, who for its benefit or that of some or all of its employees, aggregates the immaterial Financial Interest paid to its employees;
“Ownership Interest”	means - <ul style="list-style-type: none"> (a) any equity or proprietary interest, owned by a livestock agent, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and (b) includes any dividend, profit share or similar benefit derived from that equity or Ownership Interest;
“Principal”	means the person or entity on behalf of whom the Agency purchases or sells livestock or negotiates in connection therewith or canvasses or undertakes or offers to canvass a purchaser or seller therefor;
“Representative”	means any permanent or temporary employee, director, officer, agent or independent contractor in the employ of the Agency or acting for the Agency;
“Rules”	means the Rules in respect of agents made under section 10 (b) of the Act, read with section 22 (2) and (3) of the Act;
“the Act”	means the Agricultural Produce Agents Act, 1992 (Act No. 12 of 1992);

<p>“Third Party”</p>	<p>means any person, other than the Principal concerned, who in terms of an agreement or arrangement with an agent or an employee or a person related to an agent or an employee, provides a Financial Interest to an agent or any of its employees or to any person related to an agent or an employee, whether such Financial Interest relates to a specific transaction or to the occupation of an agent in general;</p>
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2. POLICY STATEMENT

- 2.1. The business of our Agency is built on honesty, trust and integrity as perceived by all our stakeholders and specifically, our Principals, Customers, shareholders and Regulators.
- 2.2. In view of the principles stated above, it is of the utmost important that we see to it that the Agency conducts its business in accordance with the values and code of conduct set forth in the Rules which the Agency adheres to, and in compliance with all applicable laws (and specifically the provisions of the Act), regulations and ethical standards generally accepted in our industry.

3. PURPOSE OF POLICY

- 3.1 The purpose of the Policy is to ensure that we avoid or minimise any Conflict of Interest situations that could negatively affect our relationship with our Principals and/or Customers.
- 3.2 There is always a potential for a Conflict of Interest in any activity, relationship or process Representatives are involved in. All Representatives, especially sales personnel, need to be aware of this potential.
- 3.3 It is always best to avoid a Conflict of Interest situation. All Representatives must avoid being in a position where there is a Conflict of Interest between their own interests and the interests of a Principal or Customer.
- 3.4 In particular, this Policy sets out the management of Conflicts of Interest as prescribed by the Rules, and the purpose hereof is to address the following:
 - 3.4.1 Mechanisms employed to identify areas of Conflicts of Interest or potential Conflicts of Interest.
 - 3.4.2 Steps to be taken to avoid or mitigate Conflicts of Interest.
 - 3.4.3 Procedures to be followed to ensure compliance with this Policy.
 - 3.4.4 Consequences of non-compliance with this Policy.
 - 3.4.5 Details of the types of Financial Interests that Representatives may receive.
 - 3.4.6 Basis on which any Financial Interest is received.

4. APPLICABILITY

This Policy applies to all Representatives, regardless of location, job description, responsibilities or department.

5. POLICY

5.1 Overview

- 5.1.1 Our Agency supports consumer protection in any form whatsoever and consequently, all measures to maintain and improve the integrity of the South African livestock industry in all its facets and, in particular, the price discovery mechanism employed at livestock auctions and in the livestock industry and consequently, we continue to take all necessary steps to ensure that we comply with all relevant legislation, aiming at the protection of Consumers and our Principals.
- 5.1.12 The Act and the Rules are integral in protecting Principals and Consumers and regulate conduct within the livestock industry.

5.2 Compliance

- 5.2.1 The Council is a regulatory body that oversees compliance with the Act and the Rules. Our Agency complies with the provisions of the Act, the Rules and all other requirements of the Council.

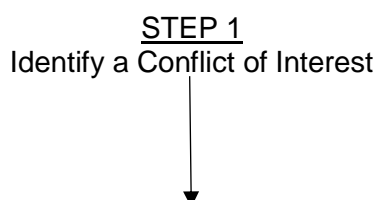
6. CONFLICT OF INTEREST

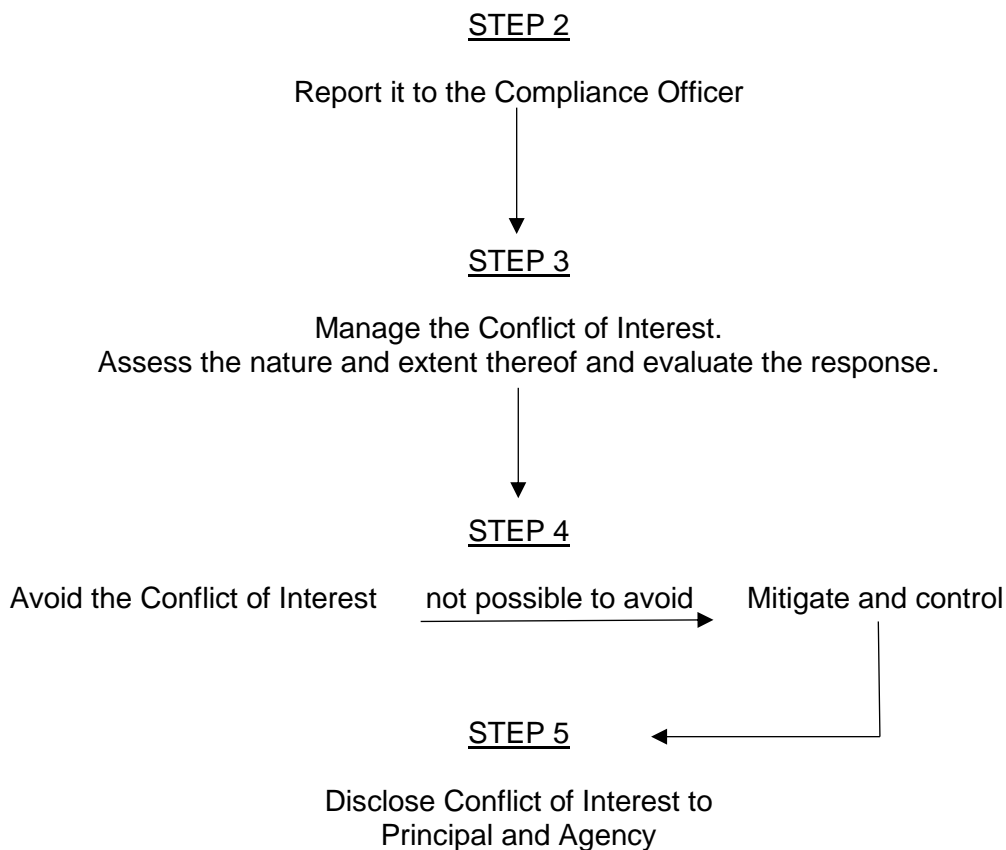
6.1 General

- 6.1.1 A Conflict of Interest may occur when selling livestock and/or rendering a related service to an existing or potential Principal or Customer. Such conflict may occur when the Representative does not act objectively or does not render an unbiased or fair service to an existing or potential Principal or Customer, or does not act in a Principal's or Customer's best interests. A key conflict can occur when the Representative receives a Financial or Ownership Interest from a Third Party.
- 6.1.2 In terms of the Rules, Representatives must take all necessary steps to eliminate any practices and/or services that may create a conflict between their own interests and the interests of Principals or Customers.
- 6.1.3 In particular, a Representative is not permitted to accept secret commissions or other forms of consideration, be it in money or in kind, from any Third Party without the prior disclosure thereof in writing to the Agency and the Principal, and having obtained the prior written consent of the Principal and the Agency to accepting same or any part thereof under such conditions as the Principal concerned and/or the Agency may determine.
- 6.1.4 All gifts offered or received must be reported to the Compliance Officer who must keep a register which records particulars of gifts offered or received.

7. STEPS TO BE TAKEN TO AVOID OR MITIGATE A CONFLICT OF INTEREST

The following diagram shows how our Agency deals with a Conflict of Interest.





7.1 Step 1 - Identify the Conflict of Interest

To identify a Conflict of Interest or a potential Conflict of Interest, the following questions must be asked by the Representative concerned:

- (i) Are my interests and those of our Agency align with the needs of our Principal?
- (ii) Am I acting independently, objectively and professionally towards our Principal and our Customer?
- (iii) Am I acting in our Principal's interests or mainly in my own interests or the interests of the Agency or someone else's (e.g. a related party) interests?

Please note you are not acting in your Principal's interests if you have an actual or potential interest that can prevent you from acting fairly, independently and objectively.

7.2 Step 2: If you suspect a Conflict of Interest, you must report it.

When you identify or suspect a Conflict of Interest or a potential Conflict of Interest, even if you are not sure if it is a conflict, you have a duty to report it first to the Compliance Officer, who will record it in the Conflict of Interest Register to be kept and maintained by the Agency. If there is no Compliance Officer, you must report it to the Chief Executive or Chief Operating Officer of the Agency.

7.3 Step 3: Manage the Conflict.

- (i) The next step is for the Compliance Officer to manage the Conflict of Interest or potential Conflict of Interest by doing an evaluation and deciding on what steps to be taken.
- (ii) The evaluation must include:
 - (a) if it is possible to avoid the conflict by ending it. If it is possible to end, what action has been taken to do so; or
 - (b) reasons why the conflict cannot be avoided; and
 - (c) what can and has been done to control the conflict with a view to mitigating its effect; and
 - (d) how the mitigating measures will lessen the effects of the conflict on our Principal or Customer; and
 - (e) what to tell the Principal concerned or the Customer concerned about the conflict; and
 - (f) when and how our Principal or our Customer will receive these disclosures.

7.4 Step 4 : Avoid the Conflict.

- (a) This step follows on after the evaluation. If the evaluation shows that it is feasible for the conflict to be avoided by ending the situation, this should immediately be done.
- (b) Mitigate the conflict.

Where it is not possible to avoid any act, action or reward that may create a Conflict of Interest, it must be managed and appropriate steps must be taken to mitigate the impact of the Conflict of Interest, and the existence thereof must be appropriately disclosed by the Agency, in writing, to the Principal or the Customer (as the case may be) at the earliest reasonable opportunity.

The Compliance Officer must send through a recommendation as to the measures to be taken to mitigate the Conflict of Interest to the Chief Executive Officer of the Agency.

The Compliance Officer must develop:

- (i) control measures to reduce any negative effect on the Principal or the Customer;
- (ii) an appropriate system to inform the Principal or the Customer (as the case may be) about the conflict, its possible negative effects and what our Agency has done to reduce the possible effects thereof.

Examples of Financial Interests or benefits a Representative may be offered as a result of his dealings are money, vouchers, more business, gifts, shares, travelling benefits, services, discounts, accommodation, entertainment, sponsorships and any other benefit which may not be financial but still benefits the Representative or a person related to him.

Examples of ways to control Conflict of Interest situations (i.e. to control the negative effects of a Conflict of Interest situation) are the following:

- (i) Keep a record of how you reach the decision on your specific recommendation.

- (ii) Keep a record of why and how you made recommendations to Principals or Customers.
- (iii) If possible, allocate another Representative of our Agency to service a particular Customer or Principal if you are personally conflicted.
- (iv) Increase and improve the information you disclose to Principals and/or Customers.
- (v) Make sure that there are checks and balances that encourage objective judgment.
- (vi) The Agency will provide an anonymous whistleblowing facility for representatives.

7.5 Step 5 : Disclose the Conflict of Interest

The last step is to disclose the Conflict of Interest to the Principal or Customer in writing:

- (i) Explain what has been done to manage or mitigate the conflict.
- (ii) Give details about any relationship with a Third Party that has caused the Conflict of Interest.
- (iii) Give details about any "Ownership Interest" or "Financial Interest" that our Agency or a Representative may have that would benefit the Representative or our Agency.
- (iv) Our disclosures to Principals and Customers must be meaningful for them and specific to each situation.

8. PROCEDURES FOR COMPLIANCE

The following internal procedures must be followed:

- 8.1 All staff members are required to read and familiarise themselves with this Policy and the Rules, and to ensure that they fully understand the provisions of both documents and their application.
- 8.2 Special training and educational material on how Conflicts of Interest may arise and how it can be avoided must be provided by the Compliance Officer to all staff members on an ongoing basis.

9. FINANCIAL INTERESTS

A Representative may only receive or offer the following Financial Interests from or to a Third Party:

- 9.1 Agreed commission, fees or other consideration, and such commission, fees or other consideration must be reasonably in line with the service being rendered.
- 9.2 Any other fees for rendering a related service for which no commission or fees are payable if such fees or specifically agreed to by the Principal in writing, and which the Principal may stop at his sole discretion.
- 9.3 Fees or remuneration for rendering a service to a Third Party, if such fees are reasonably in line with the service being rendered and where same is related to the sale of livestock on behalf of a Principal, then before receiving such fees, same must be disclosed to the Principal concerned and his written consent for the receipt of such fees must be obtained.

- 9.4 Representatives must not accept or offer any Financial Interest from or to a Third Party for:
- (i) favouring quantity of business over quality of service;
 - (ii) favouring a specific product or service of a supplier where required to recommend more than one supplier to a Principal or a Customer;
 - (iii) Giving preference to a specific product or service over other products or services of a supplier.

10. MANAGEMENT

Management is responsible and accountable for the implementation of this Policy.

11. COMPLIANCE OFFICER

The Compliance Officer must provide ongoing compliance services and monitor compliance with the provision of the Act, the Rules, related legislation and this Policy.

12. RULES ABOUT GIVING AND RECEIVING FINANCIAL OR OTHER BENEFITS

- 12.1 The Rules set limits regarding the giving and receiving of financial or other benefits from a Third Party, including suppliers, Customers and Principals. The reason for these limits is to prevent a Representative from influencing or from being influenced in the transactions by gifts or other benefits.
- 12.2 The Rules apply to our Agency and to all Representatives in connection with livestock. If you are not sure if you may receive or give a gift or other benefit, ask the Compliance Officer.
- 12.3 The Rules state that you may not give or receive a gift or any other benefit unless it is an Immaterial Financial Interest as defined in para 1 above.

13. DISCIPLINARY ACTION

- 13.1 Non-compliance with the Policy may result in Representatives being subject to internal disciplinary procedures.
- 13.2 A Representative may also be held liable for compensation for failure to comply with this Policy.
- 13.3 Avoidance, limitation or circumvention of the Policy through whatever means will be regarded as non-compliance.

14. POLICY ADMINISTRATION

COMPLIANCE OFFICER

Full Names : _____

Designation : _____

Department : _____

Work Tel : _____

Cell : _____

Fax No : _____

E-mail : _____@_____

SIGNED AT _____ ON _____ 20____

Director/Member