

# **CONFLICT OF INTEREST - GIFTS, BENEFITS & HOSPITALITY POLICY AND PROCEDURES**

**AUGUST 2018**



## **PRUDENTIAL SA GIFT AND HOSPITALITY POLICY**

### **INTRODUCTION**

Prudential SA is committed to avoiding, and where this is not possible, mitigating any conflict of interest that may arise between Prudential SA, as a financial services provider, and its clients when rendering financial services. In addition, Prudential SA is committed to treating its clients fairly.

Prudential SA has zero tolerance to any form of corruption, manipulation of conflicts of interests or leveraging relationships in favour of profit. The acceptance or giving of gifts and hospitality have the potential to lead to conflicts of interest issues. In certain extreme instances, the acceptance of a tangible or intangible gift or benefit as an inducement can meet the definitions of a corrupt activity.

Prudential SA's employees may not be involved in any conduct constituting corruption or corrupt activities. Any such involvement will have a bearing on the persons' fitness and propriety to hold office.

Certain companies within the Prudential SA group are registered as financial services providers and provide services to retirement funds. As such the Financial Advisory and Intermediary Services Act, 2002, the General Code of Conduct for Financial Service Providers and Pension Fund Directive 8 of 2018 are applicable.

This Policy should be read in conjunction with the Conflicts of Interest Policy.

## **SCOPE, OVERSIGHT AND ACCOUNTABILITY**

### **SCOPE**

This policy applies to all staff and companies within the Prudential SA Group, including:

1. Prudential Portfolio Managers (South Africa) (Pty) Ltd;
2. Prudential Portfolio Managers (South Africa) Unit Trust Ltd;
3. Prudential Portfolio Managers (South Africa) Life Ltd;
4. Prudential Portfolio Managers (Namibia) (Pty) Ltd;
5. Prudential Namibian Unit Trust Ltd; and
6. Prudential Investment Managers (South Africa) (Pty) Ltd.

For certainty, "staff" includes full time employees, fixed term contractors, temporary staff and executive directors. Specific sections of this policy are identified as also applying to non-executive directors and company officers.

### **OVERSIGHT**

This policy is subject to monitoring and oversight by the Prudential SA Risk and Compliance function.

### **ACCOUNTABILITY**

**Staff** are accountable for reading, understanding and complying with the standards and processes contained in this policy.

**Management** are accountable for ensuring that the processes and controls in their departments are designed to avoid and manage conflicts of interest for their teams and for Prudential.

**Risk and Compliance** are accountable for ensuring that this policy is aligned with regulation and with Prudential plc Group standards, as they may apply and change from time to time; for monitoring processes and controls to ensure

compliance with this policy and for reporting any breaches of this policy according to the Prudential SA risk and compliance escalation framework.

**Executive Management** are accountable for resolving any agreed breaches of this policy and for maintaining business structures and functions that comply with regulation.

## **BREACHES AND ENFORCEMENT**

Non-Compliance with this policy may be handled in terms of Prudential SA's disciplinary procedures.

## **APPLICABILITY OF THE POLICY TO INTERPERSONAL RELATIONSHIPS**

Staff members who have pre-existing or newly formed interpersonal relationships with suppliers and counterparties or with clients and intermediaries are expected to be particularly cautious of the perception of impropriety and must be able to distinguish between when they are acting in their personal capacity, in which case this Policy would not apply, from when they are acting in their capacity as a Prudential employee.

Staff members with such interpersonal relationships have disclosure obligations described in the Prudential SA Conflicts of Interest Policy.

## **PRINCIPLES**

### **GIFTS AND HOSPITALITY**

Prudential SA, and its employees, will not give or receive any gifts or benefit which objectively viewed creates a conflict of interest.

Staff may not accept or give any cash payments, significant gifts or hospitality. The following will automatically be disallowed:

1. Token gifts that exceed the annual limit of R500 in aggregate per annum (calendar year) from or to any client or service provider (this limit includes promotional and branded items);
2. Any subsistence, travel or accommodation related to local or international due diligences;
3. Any subsistence, travel or accommodation related to a local or international entertainment or sporting events.

For the avoidance of doubt, the following items are allowed:

1. Customary and reasonable refreshment and meals provided during the course of a business meeting or business engagement;
2. Gifts, promotional or branded items not exceeding R500 to or from a single supplier, counterparty, issuer, business associate or client in any one year.

The acceptance of gifts above the R500 limit with the payment of the difference is not permitted.

Gifts, donations or payments to charities associated with the recipient are treated as if made to the recipient.

A register will be kept of any gifts, or hospitality given or received.

### **SPORTS EVENTS AND ENTERTAINMENT**

No staff member, acting in their capacity as an employee of Prudential SA, may give or receive gifts or benefits in the form of invitations to sports events and entertainment. Direct retail clients are excluded from this prohibition.

Prudential has clients which are subject to different regulations. It is not always possible to identify whether the client falls into the restricted category (e.g. an IFA introducing clients to our CISCA products may also, without our knowledge, be advising retirement funds). Consequently, this Policy has been drafted to meet the highest standards between the various pieces of legislation.

Where it is possible to reasonably carve out a class of clients with some but not absolute certainty (e.g. retail only IFA's), any invitations to events must be accompanied by a disclaimer available from Marketing.

## **CONFERENCING**

### ***Attending***

Staff members may attend conferences, and training events hosted and sponsored by external consultants, intermediaries, suppliers and competitor financial services or product providers subject to:

- 1) Prior approval being received from their direct line manager; and
- 2) The event being primarily related to general market or investment knowledge and information or product specific information.

It is preferred that all costs for the conference (i.e. including the conference fees) be paid for by Prudential, however in instances where the training is offered free of charge, it may only be accepted if it is available to the general public or a general category of persons (i.e. "clients"; "investment professionals"; "IFA's" etc. Essentially training events may not target specific individuals or specific targeted companies).

Transport and/or accommodation costs must be paid for by Prudential SA and reasonable refreshment and meals may be accepted during the course of the event.

Staff members may not accept subsistence payments or vouchers.

### ***Hosting***

Prudential SA may host conferences and training events for intermediaries, consultants, clients and client representatives subject to the event being primarily related to general market or investment knowledge and information or product specific information. Conferences and training events may be offered to Clients (free of charge) if the conference or training is available to the general public or to a general category of persons (see above).

Transport and/or accommodation costs may not be paid for by Prudential SA. Customary and reasonable refreshment and meals may be provided during the course of the event.

All permissible conferences and training events that are hosted by Prudential SA must be co-ordinated via Prudential SA Marketing.

No subsistence payments or vouchers may be provided.

## **PERMISSIBLE INVESTMENT RESEARCH VISITS**

Investment staff members may attend on-site research visits hosted and sponsored by suppliers or issuers. Transport, subsistence and/or accommodation costs must be approved and paid for by Prudential SA.

In exceptional circumstances, for instance where the site is remote or commercial transport and/or accommodation is not practicable, the investment staff member may accept such transport and/or accommodation subject to Chief Investment Officer approval.

## **DISCLOSURE AND REPORTING**

Staff members must disclose, via email:

- 1) All gifts, benefits and hospitality received to [compliance@prudential.co.za](mailto:compliance@prudential.co.za) and / or **Reception**. The disclosure must include the cost, the name of supplier and the date received.
- 2) All gifts, benefits and hospitality given by Prudential SA or any staff members to Prudential SA Marketing unless such gift, benefit and/or hospitality has been facilitated by the Marketing department. The disclosure must include the cost, the name of the recipient and the date given.

The cost of the gift or benefit is determined by either the face value, its retail cost or the amount paid by the giver. The cost of entertainment includes hospitality costs such as meals, refreshments, venue costs, etc.

The cost of any gift or, benefit or entertainment excludes any advertising and promotional spend at the event (e.g. banners, branded rental space, brochures, etc.).

The cost excludes shipping costs but includes the recipients transport costs.

## BREACHES

Any breach of this policy must be reported to Compliance and Reception or alternatively via the Prudential whistleblowing hotline.

Compliance will complete any disclosures or reporting as required by the requisite legislation.

## IMPLEMENTATION AND DISTRIBUTION

This policy is subject to annual self-certification by all staff. This policy may be distributed externally without Management approval.

## AMENDMENT LOG

Date	Materiality	Page	Description
August 2018	Material	All	Revised entire policy and update in line with new rules.