Conflict of Interest
Policy and Procedure
## REVISION HISTORY

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<th>Release No.</th>
<th>Issue Date</th>
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INTRODUCTION

1.1 This policy outlines a suitable, effective and sustainable approach to the identification and management of conflicts of interest.

1.2 The policy aims to comply with the best practice and statutory requirements including the principles relating to management of conflict of interest as set out in King III and the General code of conduct for Financial Services providers and Representatives published in Board notice 80 of 2003 as amended by Board Notice 58 of 2010 as well as other applicable requirements as set out in the Financial Advisory and Intermediary Services Act (FAIS).

1.3 It is noted that the basic duty to avoid any conflict of interest gives rise to a number of particular duties, which include the following:

- The duty to act bona fide in the interest of the company;
- The duty not to misappropriate opportunities proposed to or pursued by the company;
- The duty not to compete improperly with the company;
- The duty to disclose interests in contracts with the company;
- The duty to only exercise powers for the purpose for which they were conferred.

PURPOSE

The purpose of this policy is:

- to assist all persons to whom this policy applies to identify and properly address actual and potential conflict of interests within China Construction Bank Corporation, Johannesburg Branch (CCBJHB);
- to avoid or mitigate any conflict of interest that may arise between CCBJHB, its clients, vendors and/or employees respectively; and
- to control the risk of losses as a result of undisclosed or unmanaged conflicts of interest as well as any regulatory sanctions or reputational damage associated therewith.

DEFINITIONS

For the purposes of this policy, the following words or phrases are defined herein:
1.4 “FAIS”


1.5 “Employee”

This policy in referring to employees of CCBJHB applies to:

i. CCBJHB Executive Management and Senior Management
ii. Employees who are Key Individuals under the FAIS act
iii. Employees who are representatives under the FAIS act
iv. All employees of CCBJHB, including Permanent Staff, fixed term contractors seconded staff, temporary workers and consultants not on the payroll; and
v. Any person or group of persons who can influence the activities of CCBJHB.

1.6 “Conflict of interest”

Conflict of Interest means any situation in which an employee has an actual or potential interest that may influence the objective performance of his/her obligations to a client or to China Construction Bank or prevent an employee from rendering an unbiased and fair service or from acting in the best interests of CCBJHB or in accordance with FAIS requirements.

A conflict of interest may include:

- a financial interest;
- an ownership interest;
- Any relationship with a third party.

1.7 “Financial interest”

A financial interest means any one or more of the following, but not limited to:

- Cash or cash equivalent;
- Voucher;
- Gift;
- Service;
• Advantage;
• Benefit;
• Discount;
• Domestic or Foreign Travel;
• Hospitality;
• Accommodation;
• Sponsorship; or
• Other incentive or valuable consideration.

1.8 “Immaterial Financial Interest”

An immaterial financial interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000.00 per year as received by an employee.

1.9 “Ownership Interest”

An ownership interest is defined as an equity or proprietary interest, including dividends, profit share or other benefits derived from such ownership interest, other than that held by a nominee.

1.10 “Third Party”

A third party shall include, but not be limited to:

i. His/her spouse (by law or as recognized by religion);

ii. His/her life partner, including a civil union partner;

iii. His/her child, stepchild, adopted child or child born out of wedlock;

iv. His/her parent or stepparent;

v. His/her court appointed guardian;

vi. The spouse, life partner or civil union partner of any of the abovementioned persons;

vii. A person with whom he or she is in a commercial partnership.
AUDIENCE AND SCOPE

1. This policy applies to all China Construction Bank Corporation, Johannesburg Branch employees as defined herein, including executive management, senior management, permanent staff, fixed term contractors or suppliers and temporary workers.

2. This policy regulates the relationships between China Construction Bank Corporation, Johannesburg Branch and its employees, as well as employee’s relationships with customers, consultants, vendors, contractors and any other suppliers or service providers.

HOUSEKEEPING OF THIS DOCUMENT

1. OWNERSHIP AND ULTIMATE RESPONSIBILITY

1.1 This document is owned and maintained by the compliance department. The ultimate responsibility for this document, the contents thereof and compliance remains with the General Management who is responsible for creating an ethical environment from the top down wherein the business of the branch is to be conducted.

2. UPDATES, REVIEWS AND APPROVAL

2.1 The China Construction Bank Corporation, Johannesburg Branch conflict of interest policy shall be reviewed on an annual basis and updated by compliance if necessary. This policy is to be approved by the Risk committee as per the procedures relevant to policies and procedures within CCBJHB.

3. ADOPTION AND IMPLEMENTATION

3.1 This conflicts of interest management policy shall be known as the China Construction Bank Corporation, Johannesburg Branch Conflict of Interest policy and Procedure and has been formally adopted in accordance with the procedures set out in the Policy and Procedures with regards to Policy and Procedures.

3.2 Line management is responsible for the implementation of this policy.

4. NON-COMPLIANCE WITH THIS DOCUMENT

4.1 All employees of China Construction Bank Corporation, Johannesburg Branch must comply with the procedures contained in this policy.
4.2 Non-compliance with the China Construction Bank Corporation, Johannesburg Branch Conflict of interest policy may result in a disciplinary hearing an appropriate disciplinary action.

PUBLICATION OF THIS POLICY

China Construction Bank Corporation, Johannesburg Branch’s conflict of interest policy will be available to all clients as per the requirements of the FAIS Act and CCBJHB will comply further with this policy by publishing the policy on the company’s website and keeping it updated.

POLICY

China Construction Bank Corporation, Johannesburg Branch strives to maintain the highest ethical standards in carrying out its business activities. Managing conflicts of interest is a cornerstone of such ethical conduct.

PROCEDURES

1. How to identify a conflict of interest?

A conflict of interest arises if a financial interest which an employee will receive or his/her ownership interest or his/her relationship with a third party influences that employee's ability to act fairly, independently or objectively in the performance of his/her duties.

In order to identify whether you have a conflict of interest, ask yourself the following questions:

i. Do I have my client's best interest at heart, or am I acting in my own best interest?

ii. Do I have China Construction Bank Corporation’s best interest at heart, or am I acting in my own best interest?

iii. Am I acting professionally?

iv. Am I acting independently?

v. Am I acting objectively?

vi. Are my interests aligned with that of the Bank?

Examples of possible conflicts of interests include, but are not limited to the following:

i. Using your influence to secure a contract for a service provider in which you hold an interest;

ii. Soliciting financial interest to influence or unfairly advance the
interests of a third party;

iii. Accepting benefits from service providers or contractors;

iv. Setting up business in direct competition with China Construction Bank Corporation or a client of China Construction Bank Corporation; and

v. Giving preference to the quantity of business which you undertake rather than the quality thereof.

2. **How do you manage a conflict of interest?**

Employees are expected to avoid any conflict of interest. Where this is not possible, employees are expected to mitigate the conflict of interest.

a. **In respect of an ownership interest and/or a relationship with a third party**

i. All employees must disclose any ownership interest or relationship with a third party which may create a conflict of interest;

ii. Disclosure must be made upon commencement of employment and on an annual basis, see Attached Annexure 2 in this regard;

iii. Any material changes to the ownership interest or relationship with a third party must also be disclosed;

iv. Should new business undertaken create a conflict of interest not previously disclosed, this should be disclosed prior to commencement thereof;

v. Disclosures shall be made directly to the departmental manager who shall consider the permissibility thereof, make a recommendation and forward same to the Company Secretary who is ultimately responsible for deciding the correct action in respect thereof;

vi. Departmental managers, senior managers, and executives shall forward their disclosures directly to the Company Secretary, such employee shall be required, depending on the nature thereof, to disclose same to any client affected thereby and/or to absent themselves from any dealings in respect of the matters in which the conflict arose.

vii. The Company Secretary shall retain records of all disclosures and all decisions taken in respect thereof.

This does not remove the responsibility each employee has with regards to this sub clause.
b. **In respect of a financial interest**

   i. No employee shall receive any financial interest from another party including cash or a cash equivalent or any gift (excluding token gifts or consumable items).

   ii. An employee may accept corporate hospitality such as theatre tickets, lunch invitations or sporting events provided that there is no expectation attached thereto, provided that in respect of a FAIS representative any such financial interest shall not exceed the value of R1000.00 per calendar year should there be a conflict of interest or a potential conflict of interest.

   iii. All financial interests as defined herein, including cash, vouchers, gifts and hospitality are to be recorded in the gifts register, see *Annexure 1* attached hereto.

   iv. No employee may offer a third party a financial interest other than token gifts, consumable items or corporate hospitality such as theater tickets, lunch invitations or sporting events, which are required to be recorded and disclosed to the Company Secretary.

c. **Financial interests offered to FAIS representatives**

   With specific reference to FAIS, it should be noted that the following conduct is prohibited in terms of Section 3A (1) (b) of the FAIS Act:

   i. A provider offering financial interest to a representative for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to a client; or

   ii. A provider offering financial interest to a representative for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

   iii. A provider offering financial interest to a representative for giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

   Note that due to the fact that the branch is currently the product provider and the fact that we do not provide products or services of any other third party product providers, the above sub-section 8.2.3 is currently not applicable to the branch.
INSIDER TRADING

The term “insider trading” describes circumstances where an individual, who has price sensitive information, deals in a related security or financial instrument before the information is made available to the rest of the market.

Insider trading creates conflicts of interest. The individual is abusing their knowledge and so placing themselves in a better position than the rest of the market, which is in conflict with the concept of market fairness. An employee that commits insider trading is additionally placing themselves in a better position than CCBJHB and / or CCBJHB’s clients, so creating a conflict of interests between themselves and CCBJHB and / or CCBJHB’s clients.

TRADING FOR PERSONAL ACCOUNT

Employees of the branch are not allowed to trade for their personal account, or for the account of the Bank with regards to any information obtained that is not information that is available in the public sphere.

The South African Reserve Bank (SARB) and the Financial Services Board (FSB) have noted the inherent risks posed by Personal Account (PA) Dealing including trading based on inside information and apparent conflicts of interest. To address their concerns the SARB and the FSB have set out industry guidelines according to which financial institutions are expected to manage PA Dealing.

Please refer to the CCBJHB Market Conduct Policy for guidelines and further information about personal account dealing as well as insider trading.

TRAINING

Employees of China Construction Bank must be trained on the content of this policy and the Compliance Officer shall ensure appropriate training of staff on the policy and monitoring of adherence to this policy. The Compliance and Human Resources Departments are to liaise with each other and arrange training on an annual basis.

MONITORING

a. China Construction bank Corporation, Johannesburg Branch must monitor compliance with the Conflict of Interest Policy on an ongoing basis to ensure that corrupt or unethical business practices are eliminated.

b. Monitoring is the responsibility of the Compliance Officer who shall report to Risk Committee and Executive Management in the Quarterly Compliance Report in respect of the results of such monitoring.
FAIS REPRESENTATIVE REMUNERATION

Currently all FAIS representatives receive no additional remuneration with regards to obtaining clients or for securing or arranging any other business for the branch.

ASSOCIATES AND OWNERSHIP INTEREST

For information on Associates and Third Parties in which the Bank holds ownership in and Third Parties who hold an ownership interest in China Construction Bank Corporation kindly refer to the Annual Financial Statements of the Head Office.

CONCLUSION

All employees of CCBJHB, together with executive management, are required to be dedicated to upholding the highest level of integrity and ethical conduct in all of their activities and relationships with all stakeholders.

TRANSLATION

Please note that should any discrepancy arise in a translated version of this policy, the English version interpretation will prevail.