

CONFLICT OF INTEREST MANAGEMENT POLICY

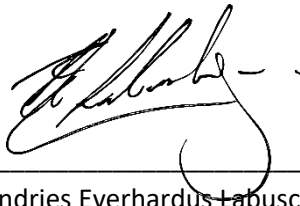
This Policy relates to InsureAfrica Underwriting Managers (Pty) Ltd and InsureAfrica Administrators Holdings (Pty) Ltd (“the Company”), licensed with the Financial Sector Conduct Authority (“FSCA”) as a Financial Services Provider (“FSP”) with licence numbers 15059 and 44991 respectively.

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This Policy Statement has been approved by the Board of Directors of the above listed Financial Services Provider.

Signed on behalf of the Board on this 3rd day of August 2021 .

A handwritten signature in black ink, appearing to read 'A. Labuschagne', written over a horizontal line.

Andries Everhardus Labuschagne
Director

1. Introduction

Section 3A (2) (a) of the General Code of Conduct of Financial Services Providers and Representatives (the “Code”) published in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (“FAIS”), stipulates that every Financial Services Provider (“FSP”) other than a representative, must adopt, maintain and implement a Conflict of Interest Management Policy that complies with the provision of the Act.

As authorised FSPs, the Company is obliged to comply with the prescribed Conflict of Interest provisions of the FAIS Act. All employees and associates of the Company, who are involved in the business of the Company, are obliged to conduct themselves in a professional manner and in line with this Policy and must perform their duties independently and act in the best interests of the Company’s existing and potential clients (“Clients”).

This Conflict of Interest Management Policy is designed as prescribed in Board of Notices 58 of 2010, which amends the General Code of Conduct for Financial Service Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

2. Definitions

Associate	means	in the case of a company, any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary.
Conflict of Interest	means	any situation in which the Company or an Employee has an actual or potential Interest that may, in rendering a financial service to a Client, including but not limited to: a) a financial interest b) any relationship with a third party / Business relationship c) an ownership interest.
Employee	means	<ul style="list-style-type: none">■ A director;■ An employee of the group company, including a temporary employee and an employee employed on a fixed-term contract basis;■ Any investment vehicle (including a trust) in which an employee has an interest;

Financial Interest	means	<p>any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:</p> <ul style="list-style-type: none"> ■ Training, that is not exclusively available to a selected group of providers or representatives, on products and legal matters relating to those products; but excluding travel and accommodation associated with that training; ■ General financial and industry information; and ■ Technological systems of a third party necessary for the rendering of a financial service;
Immaterial Financial Interest	means	<p>any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1,000.00 in any calendar year in relation to the same Third Party in such calendar year received by</p> <ul style="list-style-type: none"> ■ a provider who is a sole proprietor; ■ a representative' for that representative's direct benefit; and ■ a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representative".
Ownership Interest	means	<ul style="list-style-type: none"> ■ Any equity or proprietary interest, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and ■ Includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
Representative	means	<p>any natural person who renders a financial service to a client for and on behalf of an FSP in terms of conditions of employment or any other mandate.</p>
Third Party	means	<p>A product supplier within the financial services industry:</p> <ul style="list-style-type: none"> ■ A financial services provider (FSP); ■ Any other service provider which provides or may potentially provide services; ■ All clients or potential clients for whom the Company renders a permitted financial service; ■ Securities issuers; ■ An associate of any of the above.

3. Objective of this Policy

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board.

The Company keeps and maintains a register in which all actual or potential conflicts are recorded.

4. Purpose of this Policy

This Policy seeks to adopt measures to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of Conflict of Interest that may arise in the rendering of financial services to Clients. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by the Company's employees and representatives.

5. Guideline

This Policy is by no means an exhaustive analysis addressing every conflict of interest situation that might arise. The Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist employees in making the right decisions when confronted with potential conflict of interest issues.

6. Leadership

The Company's Board of Directors oversees the business of the Company including the compliance with all applicable legislation, and this Policy. Management plays a key role in the application of this Policy and are expected to demonstrate their personal commitment to this Policy and ensure the compliance by employees, accordingly. Management is obliged to maintain a workplace environment that nurtures and ensures compliance with this Policy.

7. The Policy applies to

All directors, officers, employees, representatives, associates, brokers and consultants of the Company are required to comply with this Policy.

8. What is allowed under Conflict of Interest management

An FSP or its representatives may only receive or offer the following:

- 8.1 Commission, fees under Long-Term and Short-Term Insurance Acts provided that the fees and commissions are specifically agreed to by a client, in writing, and which may be stopped at the discretion of that client;
- 8.2 Subject to any other law, any immaterial financial interest (see the definition below), fees or remuneration for rendering of a service to a third party (such as a product supplier, another provider, or an associate of either of these), or a distribution channel (such as an arrangement between a product supplier or any of its associates and one or more providers and any of its associates), which fees or remuneration are reasonably commensurate to the service being rendered:
- 8.3 A financial interest for which fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by the provider or representative at the time of receipt.

A provider/representative can spend up to a maximum of R1000. 00, per calendar year, per financial service provider and/or a representative on amongst other things, training, vouchers, provision of marketing materials etc. One is obliged to maintain a proper record of any financial interest provided. Attached, marked **Annexure "A"** is a form which must be used when any financial interest is offered to a service provider and/or its representative. The Key individual(s) are responsible for updating and to keep safe the Representative Register. Representative(s) who want to access the interest register must request the Key Individual to provide them with a copy.

The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with customers and or a provider's clients. Reasonable business entertainment and customer gifts of immaterial financial interest are permitted, including promotional events, provided that the offer is consistent with usual business practice and cannot be viewed as bribe or a payoff and certainly cannot be in violation of this Policy.

9. Consequences of non-compliance with this Policy

A violation of this Policy is a serious matter that could cause harm to the Company and also could result in disadvantaging certain of the Company's clients.

Any employee, of the Company, who fails to comply with this Policy, will be subjected to the appropriate disciplinary proceedings in terms of the Company's Disciplinary Code, and possible sanction under the FAIS Act, which could result in the termination of their employment with the Company.

10. Amendments to this Policy

The Company reserves the right to determine how this Policy applies to any particular situation and to amend or modify this Policy as it, in its discretion deems appropriate. This Company can do without giving prior notice to or having been in consultation or reaching agreement with any provider / its representative. All amendments that the Company may make to this Policy shall be communicated to Company employees.

11. Measures aimed at identifying Conflict of Interest

It is the responsibility of all employees of the Company to maintain the good name and standing of the Company by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern the Company.

Compliance with all rules, regulations and legislation is the individual responsibility of each employee. Each employee must accept personal responsibility for behaving correctly and in accordance with this policy. Likewise, each employee is obliged to stop or prevent any actions that are contrary to the content of this Policy and which could cause any harm to the Company as a result.

Set out below are various ways in which the Company can identify and manage any actual or potential Conflict of Interest:

- a. All Employees are required to report any potential or actual Conflicts of Interest to the Legal Department. The onus is on every Employee to comply with this Policy. Should any individual be uncertain as to whether they are in a conflicted situation eg: whether the offer they wish to make or the offer which has been made to him/her, or whether a particular action or omission amounts to, a Conflict of Interest, then he/she should contact the Legal Department immediately.
- b. Every Department Head must, on an ongoing basis, identify any actual or potential Conflicts of Interest which may arise within his or her area. These must be reported to the Legal Department. The Legal Department maintains a Conflicts of Interest Register which is reviewed periodically with senior management to determine whether conflicts already identified are still valid, whether the mitigation strategies in place operate effectively and whether there are any new or potential conflicts that may have arisen since the last review.
- c. The Legal Department will investigate any potential or actual Conflicts of Interest to determine whether such conflicts are conflicts as contemplated in FAIS or any other applicable legislation. The Legal Department, in conjunction with senior management, will determine whether such Conflicts of Interest are avoidable or unavoidable conflicts.

- d. If a Conflict of Interest is identified as being avoidable, then the Company will adopt the necessary internal procedures to ensure that the activity that gives rise to the avoidable conflict, is avoided.
- e. If a Conflict of Interest is identified as being unavoidable, the Legal Department, in conjunction with senior management, will establish a strategy to mitigate the risk of such Conflict of Interest impacting services to affected Clients.
- f. The Company will disclose any specific Conflict of Interest impacting a Client to such impacted Client, together with the mitigation strategy employed.

The above is not an exhaustive list of how to identify the existence of a conflict of Interest.

12. Measures aimed at avoiding and mitigating Conflict of Interest

Company employees should avoid engaging in activities which will result into a conflict of interest. One must not use improper means to, for example, obtain business from a particular representative/broker.

If Company employees realise that there is a potential or actual conflict of interest, the employee must, timeously and fully disclose any such potential or actual existence of a conflict to the Company by reporting same to their immediate superior. This will enable the Company to decide whether or not to engage with the employee/transgressor in question.

Company employees who are faced by what is clearly a conflict of interest situation, must desist from continuing with any participation in such situation or activities. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this Policy, the employee must approach the Company's Risk and Compliance Department who will evaluate the intended transaction and give guidance.

The Company may not offer any financial interest to its representatives for:

- Giving preference to the quantity of business secured for the Company to the exclusion of the quality of the service rendered to clients;
- Giving preference to specific product supplier, where a representative may recommend more than one product supplier to client; or
- Giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

The above aims to ensure that, clients are fully protected from undue and uncompetitive behaviour by product suppliers and /or their representatives. The ultimate objective is to ensure that clients at all times receive the best possible advice and /or intermediary service.

13. Measures for the disclosure of conflicts of interest

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned and advance reasons as to why they failed to adhere to this Policy and to take measures to mitigate any conflict of interest. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

Please see attached, a document marked **Annexure "B"** which illustrates Conflict of Interest situations.

14. What may we give and receive

We will only receive financial interest from the aforesaid providers in the form of:

- a) Commission authorized under the Short-term Insurance Act, 53 of 1998;
- b) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- c) Fees for rendering a financial service in respect of which no commission or fees are paid as foresaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- d) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- e) Subject to any other law, an immaterial financial interest;
- f) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.

15. Training and staff

All employees and representatives will receive a copy of the Policy on appointment and are required to read Board Notice 58 of 2010 as well as this Policy. Staff will be made aware of any material changes to this Policy.

Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis as well as if there is a material change to the Policy.

The Key Individual will conduct ad hoc checks on business transactions to ensure this policy has been complied with.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually and updated if applicable, and any changes to the policy must be adopted by the board of directors

16. Acceptance and Publication

The Board has adopted this Conflict of Interest Management Policy.

The policy shall be published in electronic form, which can be reduced to a paper copy, and shall be made available to all staff, clients, regulatory authorities or members of the public on request, and within a reasonable time. This Policy is also available on the Company's website.

The Company's compliance officer will report to the FSB, as prescribed, in respect of the implementation, monitoring, accessibility and compliance with the policy. If the compliance officer identifies any non-compliance or development areas, we undertake to take immediate remedial action to address non-compliance or risks in our business.

17. Management of Conflict of Interest

17.1 Once an actual or potential Conflict of Interest has been identified, it must be reported to the Legal Department in the prescribed manner.

17.2 The Legal Department will keep a record of all actual or potential Conflicts of Interest in the Conflicts of Interest Register.

17.3 The Legal Department is responsible for interests Management Policy (as well as adherence to the policies relating to the identified categories of potential Conflicts of Interests),

17.4 All Employees are required to declare on an annual basis that they have complied with the Conflicts of Interests Management Policy and related policies.

17.5 The Conflicts of Interests Management Policy and related policies are reviewed annually of as and when necessary, and updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate Conflicts of Interest.

18. Revision History

Version	Date	Author	Organisation	Revision
1.0	01.12.2017	N Kreft-Rossouw	IAG – Legal Manager	Created policy
2.0	13.07.2018	N Kreft-Rossouw	IAG – Legal Manager	Updated FSP Details
3.0	03.08.2021	N Kreft-Rossouw	IAG – Legal Manager	Updated FSP Details
4.0	22.09.2022	N Kreft-Rossouw	IAG – Legal Manager	General Review

CONFLICT OF INTEREST MANAGEMENT POLICY: DISCLOSURE OF INTEREST		
Individual and/or Business unit disclosing the information:	Nature of benefit offered/received or conflict of interest offered and/or received and the reasons therefore:	Value of benefit or conflict of interest offered/received and date of offer/receipt:
1.		
2.		
3.		

CONFLICT OF INTEREST SITUATIONS

Insurer "A", gave broker "P" and "O", the intermediaries that sell category 1 products on its behalf R800.00 each, to cover for breakfast during training sessions of their agents in June 2011. The same year on 01 July 2011, Insurer "A" gave Broker "P" and "O" R500.00 each for lunch.

- Insurer "A" incentivises broker "P" and "O" consultants on the number of policies sold in disregard of the quality thereof.
- Insurer "A" pays broker "P" and "O" who are also Insurer "A" associates additional fees in excess of commission regulations.

On 05 July 2011 Insurer "D" gave broker "Y" training material and provision of a Specialist in FAIS to the value of R9000.00. This gesture by Insurer "D" was as a result of the highest number of motor policies that Broker "Y" sold on its (insurer) behalf. Broker "Y" achieved the highest number of sale by not considering other motor policies that insurer "B" offers which Broker "Y" is, in terms of its arrangement with Insurer "B", was supposed to sell (other motor policies that offers customers more benefits were not considered). The above is a contravention of this policy.

- Insurer "D" pays an associate company of the broker additional fees in excess of the commission regulations.
- Consultants are offered a free holiday if they sell Product of Insurer "D", even though Insurer "B" might be more suitable to the clients' needs.

The above is a contravention of the Conflict of Interest Management Policy and must be avoided. The interest received must be disclosed on the interest register.