

## **CONFLICT OF INTEREST POLICY**

This policy provides the requirements for identifying, managing, avoiding and disclosing potential conflicts of interest and the process for obtaining a conflict of interest review.

### **SCOPE**

This policy covers all individuals working at all levels and grades, including managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual staff and volunteers (collectively referred to as staff or employees)

### **REVIEW OF THIS POLICY**

The policy will be reviewed annually to ensure that it meets legal requirements and reflects best practice.

### **PURPOSE**

Conflicts of interest arise when someone has an affiliation or interest that will or may compromise, or have the appearance of compromising, their impartiality, incentive and/or ability to fulfil their duties, to clients.

Illegal or unethical conduct is not in our best interests and we will not compromise our principles for short-term advantage. All staff members are therefore expected to adhere to high standards of personal and professional integrity.

### **POLICY**

A conflict of interest may exist when someone is involved in an activity or has a personal interest that might interfere with his or her objectivity in performing business duties and responsibilities.

Personal interests of employees must not influence or appear to influence any business transactions. This may appear as favouritism or otherwise damage our reputation. It is enough that there is a potential or perceived conflict of interest, an actual conflict of interest does not need to be present.

Conflicts of interest must be avoided, and where this is not possible, mitigated and activities that create the appearance of a conflict of interest must be avoided, and where this is not possible, mitigated.

## **IDENTIFYING CONFLICTS OF INTEREST**

We must:

- a) identify actual or potential conflicts of interest;
- b) assess and evaluate those conflicts; and
- c) decide upon, and implement, an appropriate response to those conflicts

All staff, compliance officers and management, are responsible for identifying specific instances of conflict and must immediately notify management of any identified actual or potential conflicts of interest.

## **CONFLICTS OF INTEREST**

### **INSIDER TRADING**

Staff may come into contact with, or have possession of, proprietary, confidential or business-sensitive information. This information – whether it is on behalf of the business or any clients or affiliates, could include strategic business plans, operating results, marketing strategies, client lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about the business, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

No disclosure of confidential information is permitted without written permission of the client or the most senior manager of this business. Misuse of material inside information in connection with trading in securities can expose an individual to civil liability and penalties. Under current legislation officers, and employees in possession of material information not available to the public are “insiders.”

Spouses, friends, suppliers, brokers, and others who may have acquired the information directly or indirectly are also “insiders.” Insiders are prohibited from trading in, or recommending the sale or purchase of securities, while such inside information is regarded as “material”, or if it is important enough to influence any person in the purchase or sale of securities of any business with which business is conducted, which could be affected by the inside information.

The following guidelines should be followed in dealing with inside information:

- a) Material information in respect of the business may not be disclosed anyone except authorised persons, until it has been publicly released.
- b) No person may buy or sell securities when they have knowledge of material information concerning the business until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- c) Employees may not buy or sell shares of another corporation, the value of which is likely to be affected by an internal action by the business of which the employee is aware and which has not been publicly disclosed.
- d) Information must be reported accurately and honestly, and as required  
Competitor intelligence may not be gathered by illegitimate means and no person may act on information obtained in this manner. Exaggerating or disparaging comparisons of the services and competence of our competitors must be avoided.

## **ASSOCIATES AND 3RD PARTIES**

An association with, or third party in which an interest is held, may be perceived as a conflict of interest. To mitigate this, it is our policy to fully disclose all relationships in enough detail so that stakeholders can understand the nature of the relationship or arrangement and the actual or potential conflict of interest.

We are a cell captive of Guardrisk and our products are underwritten through this structure. As such, we are entitled to profit sharing for these plans.

Our key individual is also linked to 2 other financial services providers, which are unrelated.

## **OUTSIDE RELATIONSHIPS**

Staff must avoid using any business contacts to advance their private business or personal interests at the expense of the business, our clients or affiliates.

Where a member of the governing body has an outside affiliation or relationship with a third party, this must be fully disclosed in the conflicts of interest register. The business is not prohibited from doing business with such entities should it be in its best interests, however where voting occurs, the conflicted person must recuse him or herself and any vote executed shall not be counted.

## **GIFTS AND INDUCEMENTS**

No bribes, kickbacks, gifts, gratuities, fees, bonuses or excessive entertainment or other similar remuneration or consideration may be given to, or received from, anyone in order to attract or influence business activity.

Representatives are permitted to receive gifts, sporting tickets, vouchers or other items from a product provider, or other financial services provider, or their associate, to the maximum value of R1 000 (one thousand rand) per calendar year, per provider. This provision also applies to invitations to any functions, including lunches, dinners, training interventions and prize-giving. Any gifts over the value of R1 000 (annual calendar year total) may not be accepted. Any items or activities which have a value exceeding this must be returned or paid for by the person in question.

Details of all gifts, both received and given, must be registered in the non-cash incentive and gifts register within 5 working days.

## **INCENTIVES AND REMUNERATION**

We try to ensure employees remain motivated, while ensuring that remuneration structures do not encourage inappropriate behaviour or result in actual or potential prejudice to clients. We recognise this conflict and through our monitoring mechanisms remain alert to potential abuse.

Where more than 30% of the business' income is received from a provider or their associate, this will be disclosed to all clients in the Statutory Notice. Currently all business is placed with Guardrisk.

Where financial services are provided in terms of FAIS, only regulated commissions may be received, as well as fees which are reasonable, agreed to by the client and commensurate with the services provided. Where we charge fees, the client must agree to these in writing before the service is provided and these fees can be stopped at any point at the discretion of the client.

Any incentive or bonus scheme will be approved by management in writing before approval, and only where this does not present a conflict. Incentives and production bonuses must take into account both quantity and quality aspects, including the fair treatment of clients, and may not be limited to a specific product supplier and specific product where there is a choice.

## **REFERRAL REMUNERATION**

It is acknowledged that the receipt or payment of referral fees may be seen to pose an actual or potential conflict of interest. This practice is, however, common and economically viable, and is permitted in terms of the loans, subject to the following:

All referral fee arrangements must be approved in writing, before implementation, and we must ensure that no client is treated unfairly or prejudiced in any way. A register of agents, together with personal details will be maintained as a control function.

## **MANAGING CONFLICTS OF INTEREST**

Where a conflict will have a serious potential impact on clients or the business, it must be avoided.

Where the conflict cannot reasonably be avoided, the impact must be mitigated and we must fully disclose the situation. Full disclosure must be given in writing to any client before any services are provided so that clients can make an informed decision, but disclosure is not always an adequate response if the conflict still leads to advice or action that is inappropriate or compromises our client's interests.

## **RECORDS**

Where a conflict is identified and an action decision is made, the decision must be communicated in writing as soon as possible. Written records of how conflicts of interest are managed, together with all reports referred to, must be kept for a period of 5 years and be available for inspection by the compliance officer on request. (for example, records of disclosures made and actions taken over any breaches of policies and procedures)

## **DISCLOSURE OF POLICY**

All clients must be informed in writing that we have a conflict of interest policy, and where and how to access this. This disclosure shall be done by way of including a reference to this in the Statutory Disclosure document and by adding this policy to the website.

## **STAFF TRAINING AND GENERAL AWARENESS**

All staff must annually be trained on this policy.

## **ENFORCEMENT**

Violation of this policy can result in disciplinary action, including possible termination of services.