

Conflict of Interest Policy

Reports of potential or actual cases of conflicts of interest must be reported by employees or representatives via the website.

Introduction

This Policy is drafted in terms of section 3A (2) (a) of the FAIS Act General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice number 58 of 2010 which amended the Code of Conduct by introducing amended provisions relating to Conflict of Interest.

As an authorised FSP, the FSP is obliged to comply with the prescribed Conflict of Interest provisions of the FAIS Act. All employees and representatives of the FSP who are involved in the business of the FSP are obliged to conduct themselves in a professional manner and in line with this Policy.

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.

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 FSP's employees and representatives.

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 and representatives in making the right decisions when confronted with potential conflict of interest issues.

Leadership

The Company's Board of Directors oversees the business of the Company including the compliance with all applicable legislation, and this Policy Management document 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 and representatives accordingly.

Management is obliged to maintain a workplace environment that nurtures and ensures compliance with this Policy.

The policy applies to:

All directors, officers, employees and representatives are required to comply with this Policy. The Policy applies across the whole spectrum of the FSP's business.

Definition of Conflict of Interest:

Conflict of interest means any situation in which a Financial Services Provider ("a FSP") or a representative of that FSP, has an actual or potential interest that may in rendering a financial service to a client:

1. Influence the objective performance of his, her or its obligations to that client; or
2. Prevent a FSP or its representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to:

- A financial interest;
- An ownership interest;
- Any relationship with third party

The guiding principles of this Policy are that the FSP and its representatives must act honestly, fairly, with due care, skill and diligence. There must, at all times, be a due regard to the interest of the clients and the integrity of the FSP as well as that of the financial service industry as a whole.

What is "financial interest"?

A financial interest can take any of the following forms - cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic, or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations.

This list is not exhaustive and there are exceptions such as - an ownership interest and training that is not exclusively available to a selected group of providers or representatives, in respect of product and legal matters relating those products, general financial and industry information, specialised technological systems of a third party that are necessary for the rendering of a financial service but; but excluding travel and accommodation associated with that travel.

What is allowed under Conflict of Interest management?

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

1. Commission, fees under Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, 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;
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;
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.

An "immaterial financial interest", means "any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000.00 in any calendar year from same third party in that calendar year received by,

- 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.

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.

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.

Consequences of non-compliance with this Policy:

The FSP's employees and representatives are obliged to report every suspected or actual transgression of this Policy to the compliance officer and they should avoid any situation that may create or appear to create a situation which could be determined to be a conflict of interest. Once there is a conflict of interest, the FSP's employees and representatives may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

A violation of this Policy is a serious matter that could cause harm to the FSP and also could result in disadvantaging certain of the FSP's clients. Any employee or representative of the FSP who fails to comply with this Policy, will be subjected to the appropriate disciplinary proceedings in terms of the FSP's Disciplinary Code which could result in the termination of their employment with the FSP.

Amendments to this Policy:

The FSP 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 the 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.

Measures aimed at identifying Conflict of Interest:

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

Compliance with all rules, regulations and legislation is the individual responsibility of each employee and representative. Each employee and representative must accept personal responsibility for behaving correctly and in accordance with this policy. Likewise, each employee and representative 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 FSP as a result thereof.

Set out below are various ways in which the Company can identify any Conflict of Interest:

- Use of the FSP disclosure of interest register will provide information on conflict of interest;
- Monitoring of conflict of interest disclosure register, annually;
- Regular monitoring of commissions and fees that are paid /received by business units;
- Monitoring of gifts/interest offered or received by the FSP on a continual basis.

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

Measures aimed at mitigating Conflict of Interest

FSP employees and representatives should avoid engaging in activities which will result in a conflict of interest.

If the FSP employees or representatives 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 FSP by reporting same to their immediate superior. This will enable the FSP to decide whether or not to engage with the employee/transgressor in question.

FSP 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 or representative must approach the compliance officer who will evaluate the intended transaction and give guidance.

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

1. Giving preference to the quantity of business secured for the FSP to the exclusion of the quality of the service rendered to clients;
2. Giving preference to specific product supplier, where a representative may recommend more than one product supplier to client or;
3. 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.

Depending on the severity of non-compliance on the part of Representatives the following actions can be taken:

1. Written warning;
2. Training can be recommended;
3. Coaching;
4. Dismissal

Penalty in a form of deduction of commission earned by Representative In situations where it is "impossible" to avoid conflict of interest, the compliance officer must, when called upon to do so, advance reasons as to why they failed to adhere to this Policy and to take measures to mitigate any conflict of interest.

Publication and reporting:

This Policy is available on the www.insurancewise.co.za website.

Representatives and employees are required to report conflicts of interest incidents via the www.insurancewise.co.za website by way of the website's reporting form.

The FSP annual FAIS Compliance Management report will include a report on accessibility, implementation, monitoring and compliance of this Policy.

Compliance Officer contact details:

Mr. QD Knox BLC LLB
Certified Ethics Officer
Approved Compliance Officer
No. 13 – 20th Street, Menlo Park, 0081
Landline – 082-600-64-22
Mobile: 082-600-64-22
Email: qknox@vodamail.co.za