

POLICY INFORMATION

Policy title:	Conflict of Interest Management Policy
Policy number:	1.0
Policy category: (Corporate / Operational / Divisional)	Corporate Policy
Type of policy document: (Position statement/ policy statement/ Guideline / Procedure / Process)	Policy
Origination department:	Credit and Legal Services
Purpose of the policy:	To provide a framework to identify, avoid, mitigate and manage any potential and actual conflicts of interest in the operations of Iemas Insurance Brokers ("The FSP"). It is also a regulatory requirement of the FAIS Act to adopt such a policy as well as other applicable regulatory items.
Mandatory compliance by:	All employees, representatives, brokers and contractors of the FSP
Policy author:	Preyesh Nundkisun
Policy owner/s:	Key Individuals and Insurance Managers
Date of approval:	November 2018
Approved by:	Directors of Iemas Insurance Brokers
Previous policy number (if any):	None

POLICY HISTORY

Version	Date	Amendments
Revision 1	November 2018	<i>Original approved by the Managing Director on behalf of the Executive Directors of Iemas Insurance Brokers</i>

Approved on behalf of the Board of Directors



PD WOLMARANS

Managing Director

Iemas Insurance Brokers (Pty)Ltd

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1. INTRODUCTION

The General Code of Conduct applicable to all Financial Services Providers and Representatives (the "Code") published in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 ("FAIS"), requires every Financial Services Provider ("FSP") to adopt, implement and maintain a Conflict of Interest Management Policy.

The purpose of this Policy is primarily to provide mechanisms for the identification and management of conflicts of interest that may arise in the rendering of financial services to the members of the co-operative and clients of subsidiary companies.

A conflict of interest arises when an actual or potential event (interest) may have an influence to not act fairly, independently and objectively towards third parties, including members and clients.

All the directors, employees and representatives of the FSP must follow this policy, perform their duties independently and act in the best interests of existing and potential members and clients. This policy forms part of a comprehensive framework aimed at ensuring compliance with industry legislation, regulations and codes of conduct. This Policy does include documents which may be made available that show ownership interests or where associates and third parties are involved.

The FSP is obliged to render unbiased and fair financial services to our members and clients. Reasonable steps should be taken to ensure conflicts or potential conflicts of interest are avoided and if not possible, mitigated, considering the impact of such conflict as well as appropriately disclosing any such conflicts to the member or client.

2. DEFINITIONS

Conflict of Interest

any situation in which a director, an employee or a representative of the FSP has an actual or potential interest that may, in rendering a financial service to a member and client:

- a. influence the objective performance of his, her or its obligations to that member and client; or
- b. prevent a director, an employee or a representative of the FSP from rendering an unbiased and fair financial service to that member and client, or from acting in the interest of that member and client, including but not limited to financial interest, an ownership interest or any relationship with a third party.

Employee includes

- a. A director of the FSP;
- b. An employee of the FSP including a temporary employee and an employee employed on a fixed-term contract basis;
- c. Any investment vehicle (including a trust) in which an employee has an interest;

Financial Interest

means any cash, cash equivalent, voucher, gift, service, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than -

- (a) an ownership interest;
- (b) training, that is not exclusively available to a selected group of FSP's or representatives, on -
 - (i) products and legal matters relating to those products;
 - (ii) general financial and industry information;
 - (iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;

Immaterial Financial

Interest:

any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year, at any point in time from the same third party received by:

- a. a provider who is a sole proprietor; or
- b. a representative for that representative's direct benefit;
- c. a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

Representative

means 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 in alignment with the FAIS Act.

Ownership Interest

- a. any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person, and
- b. includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

Associate:

in relation to a natural person:

- a. a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person;
- b. a child of that person, including a stepchild, adopted child and a child born out of wedlock
- c. a parent or stepparent of that person;
- d. a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
- e. a person who is a spouse, life partner or civil union partner of a person referred to above
- f. a person who is in a commercial partnership with that person

in relation to a juristic person:

- g. which is a company, means 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;
- h. which is a close corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act;
- i. which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person;
- j. had such first-mentioned juristic person been a company, or
- k. in the case where that other person, too, is not a company, had both the first-mentioned juristic person and that other person been a company;
- l. any person in accordance with whose directions or instructions the board of director of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.

in relation to any person:

- m. any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
- n. includes any trust controlled or administered by that person.

Distribution Channel:

- a. any arrangement between an Insurer or any of its associates and one or more providers or any of its associates in terms of which arrangement where any support or service is provided to the provider or providers in rendering a financial service to a member;
- b. any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and an Insurer;
- c. any arrangement between two or more Insurers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and an Insurer.

Third Party:

- a. An Insurer within the financial services industry ;
- b. A financial services provider;
- c. Any other service or product provider which provides or may potentially provide services;
- d. All potential members for whom the FSP renders a permitted financial service;
- e. An associate of any of the above
- f. Any person, who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (e) above, provides a financial interest to a Financial Services Provider or its representatives.

Financial Services Provider: Iemas Insurance Brokers (Pty) Ltd with FSP No 47563

3. APPLICATION OF THIS POLICY

This policy applies to all employees and representatives and must be read together with the related policies and documents listed below, some of which reflect specific categories of Conflicts of Interest:

- 3.1. Gifts and Inducement;
- 3.2. Outside Interests;
- 3.3. Code of Ethics and Conduct;
- 3.4. The FSP values;
- 3.5. Employee induction and on-boarding;
- 3.6. Broker agreements.

4. MECHANISMS THROUGH WHICH THE FSP IDENTIFIES AND MANAGES ACTUAL OR POTENTIAL CONFLICTS OF INTEREST

- 4.1. All employees and representatives are required to report any potential or actual conflicts of interest firstly to their line manager and the compliance officer at conflict@iemas.co.za. The responsibility is on every employee and representative to comply with this policy and on the FSP or any manager to oversee compliance.
- 4.2. Should any individual be uncertain as to whether they are in a conflicted situation e.g.: 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 their manager immediately and the manager as an escalated procedure, to the compliance officer at the same time. The compliance officer must always be notified of any potential or actual conflicts of interest reported to the manager.
- 4.3. Every line manager must, on an ongoing basis, analyse the environment with the aim to identify any actual or potential conflicts of interest which may arise within his or her area. These must be reported to the compliance officer together with mitigating measures being implemented in order to avoid the impact of the conflict of interest or potential conflict of interest. The compliance department will maintain 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. Serious incidences or trends must be reported by either the line manager or compliance officer to the Board of Directors.
- 4.4. The compliance officer, assisted by Moonstone may 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 compliance department may in conjunction with senior management, determine whether such conflicts of interest are avoidable or unavoidable conflicts.
- 4.5. If a conflict of interest is classified as being avoidable, then the FSP will adopt the necessary internal procedures to ensure that the activity that gives rise to the avoidable conflict, is avoided.
- 4.6. If a conflict of interest is classified as being unavoidable, the compliance department, in conjunction with senior management, will establish a strategy to mitigate the risk of such conflict of interest

impacting negatively on the FSP's ability to render fair and unbiased services to affected members and clients.

- 4.7. The FSP, through the relevant mandated line manager will disclose any specific conflict of interest impacting a client, to such impacted client, together with the mitigation strategy employed. Any such disclosure will be in writing and will contain sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest. The disclosure may also be communicated by way of electronic media.

5. ENTITLEMENT TO A FINANCIAL INTEREST

- 5.1. As consideration for providing services to members and clients, employees and representatives are entitled to remuneration by means of a salary, annual bonuses, incentive commissions, reimbursement for expenses incurred, and other benefits in terms of their contracts of employments, by mandate or as agreed to. No employee or representative may receive a financial interest (other than an immaterial financial interest) that leads to an actual or potential conflict of interest between the employee or representative and any clients;
- 5.2. No employee or representative may be remunerated or have their remuneration structured in such a way that encourages that employee or representative to contravene this policy so that conflicts of interest arise on the basis of the remuneration structures.

6. MANAGEMENT OF CONFLICT OF INTEREST

- 6.1. Once an actual or potential conflict of interest has been identified, it must firstly be reported to the employee's or representative's line manager.
- 6.2. Once an actual or potential conflict of interest has been identified, it must be secondly be reported to the compliance officer.
- 6.3. The compliance officer will keep a record of all actual or potential conflicts of interest in the conflicts of interest register.
- 6.4. Moonstone is responsible for monitoring the FSP's adherence to this and other related Policies and to report any areas of non-compliance to Management.
- 6.5. All employees and representatives as a general requirement, are required to declare on an annual basis that they have complied with the Policy and related policies.
- 6.6. This Policy and related policies are reviewed annually, and where necessary, updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate Conflicts of Interest.

7. CONSEQUENCE OF NON-COMPLIANCE

If any employee or representative fails to comply with the requirements of this Policy or avoids same through any means, it will be regarded as a breach of his/her employment contract, mandate or agreement with the FSP. This will potentially render the individual liable to sanction under both the FAIS Act and the FSP's disciplinary and possibly debarment procedures.

8. TRAINING ON RELEVANT POLICIES

All employees and representative must know and understand the Policy as well as the documents relating to the identified categories of potential conflicts of interests. Appropriate training will be provided to all employees and representative on a periodic basis by their line managers.

9. REVIEW

The Policy is subject to an annual review from date of approval. This Policy is open to earlier reviews when regulatory or operational changes require such a review. Where changes to Policy are required, the compliance officer will advise operations and the Policy will be subject to recommendation from the Group Manager: Credit and Legal Services for subsequent approval by the Chief Executive Officer.