

# Conflict of Interest Policy

## APPLICABLE TO PROTOCOL RISK MANAGERS (PTY) LTD

### Policy Statement

PROTOCOL RISK MANAGERS (Pty) Ltd is committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders. The Financial Services Provider (“FSP”) is PROTOCOL RISK MANAGERS Pty Ltd, FSP no. 49614

This policy is applicable to all representatives of PROTOCOL. It is the responsibility of each individual who is affected by this Policy to proactively, and in good faith, declare an actual or potential conflict of interest, and to seek advice in cases of uncertainty.

This policy was formally adopted by the Board of Directors of PROTOCOL on 15 January 2017.

### Identification and managing of conflict of interest

PROTOCOL RISK MANAGERS employ the following mechanisms to ensure that all conflicts are identified:

1. Before a new business arrangement is concluded, consideration is given to whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of the Managing Director entering into the relationship on behalf of PROTOCOL RISK MANAGERS to ensure that this identification process is carried out and appropriately documented before the relationship is progressed and concluded.
2. The Managing Director will, in consultation with PROTOCOL RISK MANAGERS Legal and Compliance Department, conduct annual reviews of all contracts held with third parties (including where an ownership interest is present) to re-examine whether these contracts and relationships influences the FSP's: -
  - (a) Objective performance towards its clients
  - (b) Ability to render fair and unbiased financial services toward its clients
  - (c) Ability to act in the best interest of the client
3. All representatives are responsible for identifying specific instances of conflict of interest and are required to notify their Business Unit Manager, General Manager and/or Managing Director of any conflicts they become aware of.

### Avoidance and mitigation of conflict of interest

Once a conflict of interest has been identified it needs to be appropriately and adequately managed. The Business Unit Manager and General Manager responsible for the affected area will consider whether any practical means exist for avoiding such conflict of interest.

Where this is not practical, the Business Unit Manager and General Manager will consult with the Managing Director to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.



The resulting mitigating and managing measures will be documented and communicated to all staff involved in managing the relationship to ensure that the risk of the identified conflict of interest is appropriately managed and does not recur.

PROTOCOL RISK MANAGERS has various internal policies to manage and mitigate conflicts of interest. These internal policies govern the ethical conduct of employees in the following manner:

#### **Code of Ethics:**

- The Code of ethics is accepted and signed by all employees of PROTOCOL RISK MANAGERS upon engagement;
- Employees must maintain integrity in their dealings with customers and suppliers;
- Employees must avoid any activities that may lead to an actual or perceived conflict of interest within the business of PROTOCOL RISK MANAGERS;
- In accepting business or entering contracts, employees must observe the highest standards of integrity and act in the best interests of the company and the customer;
- Employees may neither support nor solicit loans, gifts in cash or in kind, free-of-charge services or any other favours from any current or prospective business partner;
- Employees must not deliberately give inadequate or misleading descriptions of products, services; and
- Employees must maintain the confidentiality of information received from insurers, customers, suppliers and intermediaries.

#### **Gift Policy:**

- The provision or acceptance of gifts and corporate hospitality by an employee is acceptable provided that any such gifts or hospitality received from an insurer or a service provider to PROTOCOL RISK MANAGERS does not exceed the maximum of R1 000 per year from any one insurer, as stipulated in Board Notice 58 of 2010;
- Gifts received from customers and suppliers should also not exceed a cumulated value of R1 000 per year and must be reported to PROTOCOL RISK MANAGERS management; and
- All gifts made and gifts received in excess of R200.00 must be recorded in a Gift Register maintained by PROTOCOL RISK MANAGERS.
- Disclosure of conflicts of interest.
- The FSP or representative employee will, in writing, at the earliest reasonable opportunity disclose to a customer any potential conflict of interest in respect of that client. The disclosure must include:
  - The existence of the conflict of interest;
  - A description of what the conflict is;
  - Its impact;
  - The measures taken to mitigate and manage it; and
  - The customer's free choice whether he/she wishes to continue with procuring the product.

The onus is on the representative employee's subject to this policy to ensure that proper disclosure is made in respect of a conflict of interest despite this being contained in the product fulfilment documentation.

1. Processes, procedures and internal controls to facilitate compliance
  1. The Executive Management of PROTOCOL RISK MANAGERS must ensure that the policy is implemented. Training for all affected staff will be provided by the PROTOCOL RISK MANAGERS Management and Legal and

Compliance Department to ensure that they understand their responsibilities under this policy. The PROTOCOL RISK MANAGERS Management and Legal and Compliance Department will monitor compliance with this policy and will perform the necessary reviews in consultation with Executive Management of PROTOCOL RISK MANAGERS to ensure that effective and appropriate procedures and processes are in place in order to comply with the policy. The PROTOCOL RISK MANAGERS Management in conjunction with the Legal and Compliance Department will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements. The FAIS External Compliance Officer will include monitoring of the Conflict of Interest Management Policy as part of the general monitoring duties, and will report thereon in the Annual Compliance Report to the Financial Services Board (FSB) or upon any ad hoc requests by the FSB.

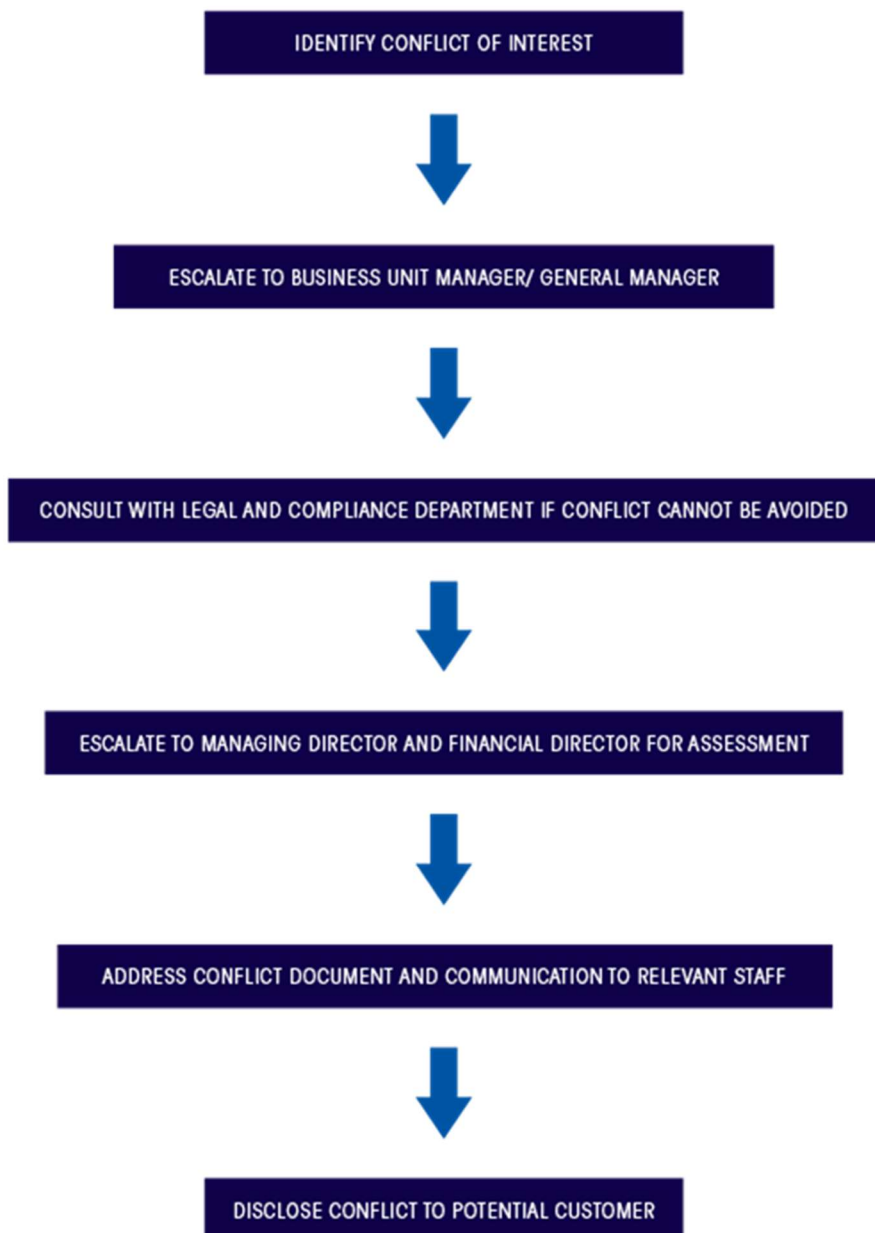
2. Financial interests offered to PROTOCOL RISK MANAGERS representatives PROTOCOL RISK MANAGERS may offer its representative employee's sales incentives, in addition to their basic salary, based upon a combination of:
  1. (a) The quantity of the business introduced and the achieving targets set; and
  - (b) The quality of the services rendered to customers (as measured by the PROTOCOL RISK MANAGERS Quality Assurance process).
3. Financial interest offered by PROTOCOL RISK MANAGERS to third parties PROTOCOL RISK MANAGERS may only offer the following financial interests to third parties:
  1. (a) Commission authorised under the Long-term or the Short-term Insurance Acts;
  - (b) Fees that are reasonably commensurate with the service being rendered and authorised under the Long-term or the Short-term Insurance Acts;
  - (c) Fees for rendering a financial service in respect of which no commission or fees are paid, if those fees are specifically agreed to by the client in writing and may be discontinued at the discretion of the client;
  - (d) Fees or remuneration for the rendering of a service by a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
  - (e) Any immaterial financial interest as defined in the FAIS General Code of Conduct; and
  - (f) Any other financial interest, for which consideration that is reasonably commensurate with the value of the financial interest, is paid by that FSP or representative at the time of receipt thereof.
4. List of associates of the Financial Services Provider A list of associates is available on request at the registered office of PROTOCOL RISK MANAGERS.
5. Third parties in which the Financial Services Provider holds an ownership interest

PROTOCOL RISK MANAGERS do not hold any ownership interest in third parties.

1. Third parties who hold an ownership interest in the Financial Services Provider There are no third parties who hold an ownership interest in PROTOCOL RISK MANAGERS. PROTOCOL RISK MANAGERS is a privately-owned company.
2. Consequences of non-compliance with the policy The Conflict of Interest Policy is provided to all representative employees and staff. All representative employees and staff are required to read this policy and sign a statement confirming that they have read and fully understood the provisions of the policy and the application thereof. Failure to comply with the provisions of this policy by any representative.

3. employee or staff shall constitute serious misconduct and will result in disciplinary action being initiated against them. Avoidance, limitation or circumvention of this policy will be deemed serious non-compliance.

This policy was adopted by the Board of Directors of PROTOCOL RISK MANAGERS (Pty) Ltd on 15 January 2017. **Annexure A**



## Annexure B

### STATUTORY DEFINITIONS

The following definitions are extracted from the FAIS Act 37 of 2002 and Board Notice 58 of 2010.

1. **Associate means** – In relation to a juristic person, which is 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.
2. **Conflict of interest** means any situation in which a financial services provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:
  1. (a) influence the objective performance of his, her or its obligations to that client; or
  2. (b) prevent a financial services provider or 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:->
3. **A financial interest; An ownership interest; Any relationship with a third party.** Financial interest means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –
  1. (a) an ownership interest;
  2. (b) training, that is not exclusively available to a selected group of financial services providers 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.
4. **Financial Services Provider** means any person, other than a representative, who, as a regular feature of the business of such person ->
  1. (a) furnishes advice; or>
  2. (b) furnishes advice and renders any intermediary service; or>
  3. (c) renders an intermediary service.
5. **Immaterial financial interest** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by ->
  1. (a) a financial services provider, who is a sole proprietor;
  2. (b) a representative for that representative's direct benefit;
  3. (c) a financial services provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.
6. **Ownership interest** means ->
  1. (a) any equity or ownership interest, for which fair value was paid by the owner, other than equity or an ownership interest held as an approved nominee on behalf of another person; and
  2. (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
7. **Responsible person** means a key individual, representative or employee of a product supplier or financial services provider.
8. **Representative** means any person who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandatory agreement, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service ->



1. (a) does not require judgment on the part of the latter person; or
  2. (b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.
9. **Third party** means →
1. (a) a product supplier;
  2. (b) another financial services provider;
  3. (c) an associate of a product supplier or a financial services provider;
  4. (d) a distribution channel;
  5. (e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) and (d) above provides a financial interest to a financial services provider or its representatives.