

# **CONFLICT OF INTEREST MANAGEMENT POLICY**

Prepared with specific reference to the Financial Advisory and Intermediary Services Act, General Code of Conduct for Authorised Financial Services Providers and Representatives)

**A. Document Properties**

<b>Document Owner:</b>	<b>Head: Legal &amp; Compliance Ana Ferreira</b>
<b>Approved By:</b>	<b>Safrican Audit, Risk and Finance Committee Safrican Board</b>
<b>Reviewed By:</b>	<b>Safrican Executive Committee</b>
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**B. Document Revisions and History**

<b>Version</b>	<b>Date</b>	<b>Who</b>	<b>Key Changes indication</b>
<b>1.0</b>	1 October 2022	Ana Ferreira	First draft
<b>1.1</b>	October 2022	Safrican Exco	
<b>1.2</b>			

## 1. PURPOSE OF THE POLICY

Safrican Insurance Company Limited (“Safrian”) adopted the Sanlam Life Insurance Limited (“SL”) Conflict of Interest Management Policy and the Safrican Conflict of Interest (COI) policy will be reviewed and maintained accordingly.

This policy is drafted in terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives (“GCOC”) under the Financial Advisory and Intermediary Services Act of 2002 (“FAIS”), and details the regulatory requirements for conflicts of interest. Safrican is licensed with the Financial Sector Conduct Authority (FSCA) as a Financial Services Provider (“FSP”) with FSP number 15123.

Safrican is wholly owned by Sanlam and as an authorised FSP, Safrican is obliged to comply with the prescribed COI provisions of FAIS. All persons of Safrican, who are involved in the business of Safrican, and representatives of Safrican, are obliged to conduct themselves in a professional manner and in line with this policy.

The purpose of the Safrican COI policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance.

This policy aims to promote transparency and fairness in the interest of consumers, employees, providers and Safrican.

The policy defines how conflicts of interest are to be managed, that is, to identify potential conflicts, to avoid or mitigate conflicts where possible and, how to disclose.

The policy also sets out processes and procedures to ensure compliance and highlights the consequences on non-compliance.

## 2. POLICY STATEMENT

Safrican is committed to conducting its business ethically, responsibly and in compliance with all applicable legislation, regulation, adopted industry codes and standards as well as adhering to all internal policies and sound corporate governance principles to which Safrican has committed to as part of the Sanlam Group.

The Safrican FAIS COI policy sets the high-level standards having due regard for the specific business environment within which Safrican operates. Safrican requires every person to ensure that all actual, potential or perceived conflicts of interests are identified timeously, avoided as far as possible, managed appropriately where avoidance is not possible and at all times be declared to enable the mitigation of the risks associated with such conflicts.

In addition to identifying, managing and declaring all actual, potential or perceived conflicts of interests, extreme care should be taken to avoid any conduct that may or could be regarded as an attempt to exert influence in unduly favouring any party, including the offering, giving or receipt of any gift or gratification, which may have such effect.

Transparency is critical to the effective management of conflicts of interest and the associated risks. Safrican shall not tolerate any unmanaged conflicts of interests or any failure to declare such conflicts fully and timeously. Appropriate action will be taken by Safrican in all cases where this policy is contravened or not complied with.

This policy is related to and must be read with the Safrican Code of Ethical Conduct, Sanlam Limited and Sanlam Life Fit and proper policy, Sanlam Group Outsourcing policy, Sanlam Group Procurement policy, the Sanlam Group Financial Crime Combatting Policy (“SGFCCP”), Sanlam Group Policy on the Giving and Receipt of Gratifications.

[Title]

### 3. SCOPE OF THE POLICY

The policy applies to Safrican as a registered FSP under the FAIS Act and is applicable to its representatives and key individuals.

Compliance with this policy may not be avoided or circumvented directly or via an associate or an arrangement involving an associate.

### 4. DEFINITIONS

<b>Associate</b>	<p>Associate, in relation to a natural person, means:</p> <ol style="list-style-type: none"> <li>i. A spouse, life partner or civil union partner;</li> <li>ii. A child, including a stepchild, adopted child and a child born out of wedlock;</li> <li>iii. A parent or stepparent;</li> <li>iv. A person legally responsible for managing the affairs of or meeting the daily care needs;</li> <li>v. A spouse, life partner or civil union partner of the persons referenced in (ii) to (iv) above;</li> <li>vi. A person who is in a commercial partnership.</li> </ol> <p>Associate, in relation to a juristic person means:</p> <ol style="list-style-type: none"> <li>i. which is a company, means any subsidiary or holding company of that company, any other subsidiary of the holding company, and any other company of which the holding company is a subsidiary;</li> <li>ii. which is a close corporation, means any member of the close corporation;</li> <li>iii. which is not a company or close corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person, if the first mentioned juristic person had been a company, and where the other juristic person is also not a company, where both the juristic persons had been companies;</li> <li>iv. means any person whose directions or instructions are followed by the board of directors (companies) or the governing body (non-companies) Associate, in relation to any person, means the board of directors (companies) or the governing body (non-companies), who follow the directions or instructions of the aforementioned person, and includes any trust controlled or administered by that person.</li> </ol>
<b>Board</b>	The Board of Directors of Safrican Insurance Company Limited.
<b>Conflict of interest</b>	<p>Means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client: -</p> <ol style="list-style-type: none"> <li>a) influence the objective performance of their obligations towards such client; or</li> <li>b) prevent a person from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including but not limited to –</li> </ol> <ul style="list-style-type: none"> <li>• a financial interest;</li> <li>• an ownership interest;</li> <li>• any relationship with a third party.</li> </ul>
<b>Distribution channel</b>	<ol style="list-style-type: none"> <li>i. Any arrangement between a product supplier or any of its associates, and one or more FSP or any of its associates, in terms of which any support or service is provided to the FSP or FSPs, in rendering a financial service to a client;</li> <li>ii. Any arrangement between two or more FSPs or any of their associates, which arrangement facilitates, supports or enhances a relationship between the FSP or FSPs and a product supplier;</li> <li>iii. Any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between an FSP or FSPs and a product supplier.</li> </ol>
<b>Employee</b>	<p>For the purpose of this policy, will include:</p> <ol style="list-style-type: none"> <li>a) All directors and full-time employees of Safrican Insurance Company Limited;</li> <li>b) All temporary contracted employees;</li> <li>c) All employed or contracted representatives including independent financial advisors and tied agents.</li> </ol>

[Title]

<b>Executive Committee (Exco)</b>	The Executive Committees Safrican Exco.
<b>Fair value</b>	Fair value has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act 71 of 2008.
<b>Family</b>	Includes a child, adopted child, spouse, life partner, parent, adoptive parent, grandchild, grandparent, brother, sister, cousin, niece, nephew, brother in law, sister in law, mother in law and father in law.
<b>Friend</b>	Someone who an employee knows and who is regarded by the employee with loyalty and affection.
<b>Financial interest</b>	<p>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:</p> <ul style="list-style-type: none"> <li>i. An ownership interest;</li> <li>ii. Training, that is not exclusively available to a selected group of FSPs or representatives, on: <ul style="list-style-type: none"> <li>a. Products and legal matters relating to those products;</li> <li>b. General financial and industry information;</li> <li>c. Specialised technology systems of a third party, necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.</li> </ul> </li> </ul>
<b>Immaterial financial interest</b>	<p>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:</p> <ul style="list-style-type: none"> <li>i. A Financial Services Provider (FSP), who is a sole proprietor;</li> <li>ii. A representative, for that representative's direct benefit;</li> <li>iii. An FSP, who for its benefit or for that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.</li> </ul>
<b>New entrant</b>	New entrant means a person who has never been authorised as an FSP or appointed as a representative by any FSP.
<b>Ownership interest</b>	<p>Ownership interest means:</p> <ul style="list-style-type: none"> <li>i. Any equity or proprietary interest, for which fair value was paid by the owner, at the time of acquisition, other than equity or a proprietary interest held as an approved nominee, on behalf of another person;</li> <li>ii. Includes any dividend, profit share or similar benefit derived from that equity or ownership interest.</li> </ul>
<b>Representative</b>	<p>means any person, including a person employed or mandated by such first-mentioned 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 mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service –</p> <ul style="list-style-type: none"> <li>(a) does not require judgment on the part of the latter person; or</li> <li>(b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;</li> </ul>
<b>Sanlam</b>	The Sanlam Group
<b>Sanlam Life</b>	Sanlam Life Insurance Limited and all its business divisions, including the Group Office.

<b>Sanlam Group</b>	Sanlam Limited and all subsidiaries of Sanlam Limited, including subsidiaries of subsidiaries.
<b>Safrican</b>	Safrican Insurance Company Limited.
<b>Sign-on bonus</b>	<p>Sign-on bonus means:</p> <ul style="list-style-type: none"> <li>i. any financial interest offered or received (directly or indirectly), upfront or deferred, and with or without conditions, as an incentive to become an FSP or representative; <ul style="list-style-type: none"> <li>a. a financial interest, referred to above, includes, but is not limited to: compensation for: <ul style="list-style-type: none"> <li>i. potential or actual loss of any benefit, including any form of income, or part thereof</li> <li>ii. cost associated with the establishment of an FSP's or representative's business or operations, including the sourcing of business, relating to the rendering of financial services</li> <li>iii. a loan, advance, credit facility or any other similar arrangement.</li> </ul> </li> </ul> </li> </ul>
<b>Third party</b>	<p>Third party means:</p> <ul style="list-style-type: none"> <li>i. A product supplier;</li> <li>ii. Another FSP or its representatives;</li> <li>iii. An associate of a product supplier or an FSP;</li> <li>iv. A distribution channel;</li> <li>v. Any person, who in terms of an agreement or arrangement with a person referenced in (i) to (iv) above, provides a financial interest to an FSP or its representatives.</li> </ul>

## **5. ROLES AND RESPONSIBILITIES**

### **5.1 Board of directors**

The Board of directors of Safrican maintains overall responsibility for the Policy, which may be delegated to the Safrican Executive Committee for implementation. Safrican has governance structures in place, to ensure compliance with this Policy. The Board has delegated this responsibility to the Audit, Actuarial, Risk and Finance Committee to have overview of the general and specific compliance requirements, as well as to identify other potential or actual conflicts of interest, which have not previously been identified.

### **5.2 Executive committee (Exco)**

The Safrican Executive Committee must ensure that all employees and associates are aware of the Policy and understand the contents thereof, and provide training and awareness to facilitate this. The Executive Committee may delegate the implementation thereof to line management.

### **5.3 Key Individuals**

Key Individuals, in terms of FAIS, are responsible for the oversight and management of the business activities within Safrican for which they are appointed as Key Individuals.

### **5.4 Representatives**

Representatives are authorised to provide intermediary services and/or advice to existing and potential clients, in terms of FAIS, within Safrican for which they are appointed as Representatives. They have a specific regulatory obligation to comply with this Policy. Representatives must ensure that they do not receive financial interests, including remuneration, for:

- a) Giving preference to the quantity of business secured, to the exclusion of the quality of the service rendered to clients.
- b) Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.
- c) Giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

### **5.5 Safrican Legal and Compliance Function**

The Safrican Legal and Compliance Function must monitor compliance with this Policy and report non-compliance to the Safrican Exco and the governance structures.

### **5.6 Employees**

Employees must ensure that they understand this Policy and comply with it at all times. They must continuously assess their own environment to identify any actual or potential conflicts of interest and take the appropriate course of action, in terms of the Policy. Employees must also be cognisant of the consequences of non-compliance with the Policy.

## **6. PROCEDURE FOR IMPLEMENTATION: – CONFLICT OF INTEREST**

### **6.1. What is a conflict of interest for purposes of the FAIS Act**

In relation to the rendering of a financial service to a client, a conflict of interest is any situation in which an FSP or a representative has an actual or potential interest that may:

- a) Influence the objective performance of the FSP or representative's obligations to that client;
- b) Prevent an FSP or representative from rendering an unbiased and fair financial service to that client;
- c) Prevent an FSP or representative from acting in the interests of that client.

Such interests include, but are not limited to:

#### **6.2.1 A financial interest, which 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 an ownership interest or training that is not exclusively available to a selected group of representatives.

#### **6.2.2 An ownership interest, which means:**

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

#### **6.2.3 Any relationship with a third party, which means any relationship with:**

- A product supplier
- Another FSP
- An associate of a product supplier or a provider
- A distribution channel; and
- Any person who in terms of an agreement or arrangement with a person referred above provides a financial interest to a provider or its representatives.

#### **6.2.4 An immaterial financial interest is any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by:**

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

Safrican as an FSP must ensure that immaterial financial interests received by any tied representative are declared on Safrican's conflict of interest register.



## **7. DUTIES OF SAFRICAN AS AN FSP AND ITS REPRESENTATIVES**

7.1 Safrican as an FSP must ensure that its representatives (at all times) render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients, and the integrity of the financial services industry.

7.2 When Safrican or its representative renders a financial service:

7.2.1 representations made and information provided, to a client:

- a) must be factually correct;
- b) must be provided in plain language, avoid uncertainty or confusion, and not be misleading;
- c) must be adequate and appropriate, in the circumstances of the particular financial service, considering the factually established, or reasonably assumed, level of knowledge of the client;
- d) must be provided timeously, so as to afford the client reasonably sufficient time to make an informed decision about the proposed transaction;
- e) may (subject to the provisions of the GCOC) be provided orally and at the client's request, confirmed in writing, within a reasonable time after the request;
- f) must, where provided in writing, or by means of standard forms or format, be in clear and readable print size, spacing and format;
- g) must, as regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned, or referred to therein, and payable to a product supplier or FSP or representative, be reflected in specific monetary terms: Provided that, where any amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation must be adequately described;
- h) need not be duplicated, or repeated, to the same client, unless material or significant changes, affecting that client occur, or the relevant financial service renders it necessary, in which case, the disclosure of changes to the client must be made without delay.

7.3 Safrican or its representative must avoid, and where this is not possible, mitigate, any conflict of interest between Safrican or it's representative and the client.

7.4 Safrican or it's representative must (in writing) at the earliest reasonable opportunity:

- a) disclose to the client, any conflict of interest in respect of that client, including:
  - I. measures taken to avoid or mitigate the conflict, in accordance with the COI policy of Safrican;
  - II. any ownership interest or financial interest, other than an immaterial financial interest, that Safrican or it's representative may be, or become, eligible for;
  - III. the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to the client, to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest.
- b) inform a client of the COI policy and how it may be accessed
  - I. The service must be rendered in accordance with the contractual relationship and the reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client, which must be accorded appropriate priority over any interests of Safrican or it's representative.
  - II. The transactions of the client must be accurately accounted for.
  - III. Safrican or it's representative involved must not deal in any financial product for own benefit, account or interest, where dealing is based upon advance knowledge of pending transactions, for or with clients, or on any non-public information, disclosure of which would be expected to affect prices of the product (insider trading/market abuse).

7.5 Safrican or it's representative must have appropriate procedures and systems in place to:

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- i. record verbal and written communications, relating to the financial service rendered to the client;
  - ii. store and retrieve records, and any other material documentation relating to the client or the financial service rendered to the client;
  - iii. Keep client records and documentation safe from destruction
- 7.6 All records must be kept for a period of five (5) years after termination, to the knowledge of Safrican or its representative, of the product concerned or, in any other case, after the rendering of the financial service concerned.
- 7.7 FSPs and representatives are not required to keep records themselves, but must ensure that they are available for inspection within seven (7) days of the Registrar's request.

## **8. DEALING WITH CONFLICTS OF INTERESTS**

In order to ensure compliance with the standards contained in this policy, Safrican adheres to the following:

### **8.1 Avoidance of Conflicts of Interest**

- 8.1.1 Once an actual or potential conflict of interest has been identified, steps must be taken (wherever possible), to avoid such a conflict.
- 8.1.2 Should such avoidance not be possible, steps must be taken to mitigate and adequately manage such an actual or potential conflict of interest and the conflict must be disclosed to all impacted parties.

### **8.2 Managing conflicts of interest**

Safrican and its employees (i.e. representatives) may only receive or offer the following financial interest from or to a third party.

8.2.1 The financial interest includes but is not limited to:

- a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998). Commission is strictly monetary amounts paid to an FSP, designated as such and determined on a basis specified prior to payment;
- b) Fees authorised in terms of the Long-term Insurance Act if those fees are reasonably commensurate to a service being rendered;
- c) 'Other Fees' to which the amount, frequency, payment method, recipient of those fees and details of services to be provided or its representatives in exchange for the fees, are specifically agreed to by a client in writing; and those fees may be stopped at the discretion of the client;
- (d) Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- (e) Subject to other legislation, an immaterial financial interest;
- (f) Any other financial interest not mentioned above.

8.2.3 The fees referred to in points c), d), e) and f) above may only be paid if:

- The financial interests are reasonably commensurate (proportionate) to the service being rendered, considering the nature of the service and the resources, skills and competencies reasonably required to perform it.

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- The payment of the financial interests does not result in the FSP or intermediary being remunerated more than once for performing a similar service.
- Any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated.
- The payment of those financial interests does not impede the delivery of fair outcomes to clients.
- The type of financial interest that will be provided to a representative and the basis on which the representative will be entitled to such a financial interest and motivate how the financial interest is compliant.

8.2.4. Safrican may not offer any financial interest to an intermediary:

- a) That is determined with reference to the quantity of business without also giving due regard to the delivery of fair outcomes for clients. Safrican must demonstrate that the determination of and entitlement to the financial interest considers measurable indicators relating to the:
  - Achievement of minimum service level standards in respect of clients;
  - Delivery of fair outcomes for clients
  - Quality of the intermediaries' compliance with the FAIS Act.
- b) For giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.
- c) For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.

## **9. PROCESSES AND PROCEDURES TO ENSURE COMPLIANCE**

- 9.1 The Safrican Head of Legal and Compliance is responsible for managing (and updating) the Safrican FAIS COI policy and will provide guidance to Safrican management thereon (including the pre-clearance of business processes that potentially may cause a conflict of interest).
- 9.2 The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a COI and to ensure that proper disclosure is made in respect thereof;
- 9.3 All employees are responsible for identifying specific instances of conflicts of interest and are required to notify the Safrican Head of Legal and Compliance or the Group Compliance Officer of any conflicts of interest they become aware of. The Safrican Head of Legal and Compliance will escalate the conflict of interest to the Chief Executive with a recommendation as to how the conflict of interest should be managed (if it cannot be avoided);
- 9.4 All employment contracts include the necessary termination and/or sanctions clauses to manage the risk of an actual or potential conflicts of interest situations created by employee acts or omissions and annual declarations of conflict of interest are required by employees.
- 9.5 If employees are of the view that their own conduct has caused this policy to be breached, they must inform their manager at the earliest available opportunity after they have become aware of the breach. Management must report this breach to the Safrican Head of Legal and Compliance for further investigation.
- 9.7 When employees reasonably suspect that a co-worker or contractor is in breach of this policy, they must report it as soon as possible and in the strictest of confidence, to their line manager or the Safrican Head of Legal and Compliance for further investigation.

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## **9.8. Annual Key individual and Representative Disclosure**

**All Key Individuals and Representatives will be required to also complete the 'Conflict of Interest annual Declaration' on Moodle System.**

**The Conflict of Interest Register will be updated and reviewed by the Key individual(s)**

**If it has been established that a particular situation or activity gives rise to a conflict of interest, such a situation should be avoided.**

**If such a conflict of interest is inevitable it is the responsibility of the key individual or representative to ensure that the effect of the conflict is mitigated by disclosing the conflict of interest to the relevant client(s).**

Annual declarations must be made regardless of whether a conflict of interest exists or not.

## **10. ACCESSIBILITY OF COI POLICY**

This policy document will be made available on the Safrican intranet to ensure that it is easily accessible for inspection by employees, clients and third parties at all reasonable times.

## **11. TRAINING AND AWARENESS**

11.1. All Safrican employees, representatives and key individuals will annually receive appropriate training and awareness on this policy and associated policies.

11.2. All newly recruited employees, representatives and key individuals must attend a training session during their induction program;

11.3. The Safrican Human Capital department will co-ordinate and facilitate training interventions for Safrican employees. Safrican in conjunction with the Retail Mass Learning and Development team will co-ordinate and facilitate training interventions for the Safrican Distribution sales staff.

11.4. Training and training materials provided to representatives must include a reference to and information on the content and application of this policy.

## **12. CONSEQUENCES OF NON-COMPLIANCE**

12.1. The penalty for non-compliance of specific provisions of the FAIS Act, is an amount of up to R10 million and / or a period of up to 10 (ten) years imprisonment. The FAIS Registrar may also revoke the FSP license or refer instances of non-compliance to an Enforcement Committee who may impose administrative penalties on offenders.

12.2. All employees, including management, are obliged to comply with this Policy, and associated policies, and it is a condition of employment. Non-compliance is a breach of his/her employment contract, and is considered to be an action of misconduct, and as such, employees may be subject to disciplinary action, that may lead to dismissal. An Employees' failure to make the necessary disclosures could be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of the Retail Mass Disciplinary Code.

12.3. Non-compliance by Key Individuals and Representatives, in respect of the obligations in terms of FAIS, will be seen in a serious light, and will be addressed accordingly. Key Individuals and Representatives may also be subject to debarment, in terms of FAIS, dependent on the seriousness of the offence and/or the continued repetition of offences. Avoidance, circumvention or limitation of this Policy, will be deemed to be non-compliance.

12.4. All potential transgressions of this policy must be investigated fairly and objectively and be reported to the Safrican Legal and Compliance department and to the Safrican Chief Executive for a decision. Certain

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transgressions of this policy may result in civil or criminal prosecution. Please refer to the SGFCCP in this regard.

**13. REVIEW AND AMENDMENTS**

This Policy will be reviewed annually for relevance and applicability by the compliance function. Updates, changes and revision must be managed by the Safrican Head of Legal and Compliance and submitted to Board for approval.

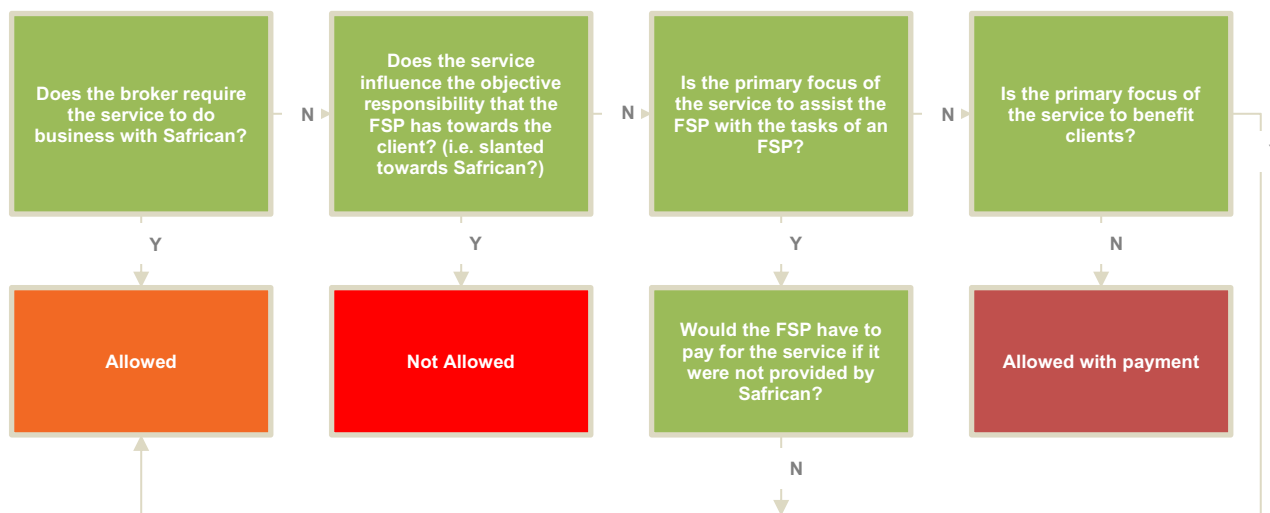
**Annexure A**

**LIST OF THIRD PARTIES IN WHICH SAFRICAN HOLDS AN OWNERSHIP INTEREST AS AT  
30 SEPTEMBER 2022**

<b>A. Product Suppliers that supply SAFRICAN (FSP 15123) with financial products and in which SAFRICAN holds an ownership interest</b>					
<b>Number</b>	<b>Product Supplier</b>	<b>Nature of ownership interest</b>	<b>Extent of ownership interest</b>	<b>Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)</b>	<b>Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)</b>
1.	None				
<b>B. Financial Services Providers that SAFRICAN (FSP 15123) has an ownership interest in</b>					
1.	None				
<b>C. Financial Services Providers that provide SAFRICAN (FSP 15123) with financial interests in terms of an agreement or arrangement (in addition to those listed in A above)</b>					
1.	None				

**Annexure B**

**FRAMEWORK TO EVALUATE THE PROVIDING OF SERVICES IN SUPPORT OF A FSP**



**Annexure C**

**GUIDELINES TO EVALUATE THE PROVIDING OF “IMMATERIAL FINANCIAL INTERESTS” TO FINANCIAL SERVICES PROVIDERS**

**1. LEGISLATIVE REQUIREMENTS**

In terms of the General Code of Conduct (issued in terms of the FAIS Act), the following requirements are set for managing conflicts of interests that may be created between an FSP and his/her client:

“Conflict of Interest” – This means any situation where an FSP or representative has an actual or potential interest (financial<sup>1</sup> or otherwise) that may influence the objective exercise of his/her obligations to a client. The focus is on any relationship (e.g. with a product provider) that would prevent such a person from offering unbiased and fair advice (or intermediary service) or from acting in the interest of a client.

• **Principle based requirement**

The following principle applies:

“Safrican or its representative must avoid and where this is not possible mitigate any conflict of interest between Safrican and a client or the representative and a client.”

• **Rule based requirement**

Safrican is not allowed to offer FSPs (and they are not allowed to receive) any financial interest other than:

- a. Statutory commission and fees;
- b. Fees applicable to the investment industry as agreed to by the client;
- c. Fees for rendering a service to a third party (this provides for outsourcing arrangements, e.g. back office services rendered in the collective investments environment);

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- d. Immaterial financial interest. The focus is on the immateriality of the financial interest that is given, but is subject to an overall maximum amount of R1 000 in a calendar year per annum; and
- e. Financial interest for which the Broker pays a fair value.

1 **“Financial Interest”** – means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration, other than an ownership interest.

2 **“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, received by a provider or its associate, or representative from the same third party or an associate of that third party in that calendar year.

**2. GENERAL INTENTION OF THE REGULATIONS**

The general intention of the Regulations is to eradicate the opulence that business courtesies have been known to create. Normal business courtesies (as indicated by the examples used in this document) are still acceptable provided they fall within the limitations set out below.

**3. APPLICATION OF IMMATERIAL FINANCIAL INTEREST**

In terms of the definition of “immaterial financial interest”, the amount of R1 000 would apply to a provider who is a sole proprietor (i.e. a Key Individual who is also a representative), a representative of an FSP who stands to benefit, and an FSP who may benefit all or some of its representatives.

It would follow that the limitation of the R1 000 amount is aimed at providers (FSP`s) and their representatives. As the FSP may also be a legal entity, it would follow that such reference would include the Key Individuals (in their capacity as representatives) linked to such FSP`s.

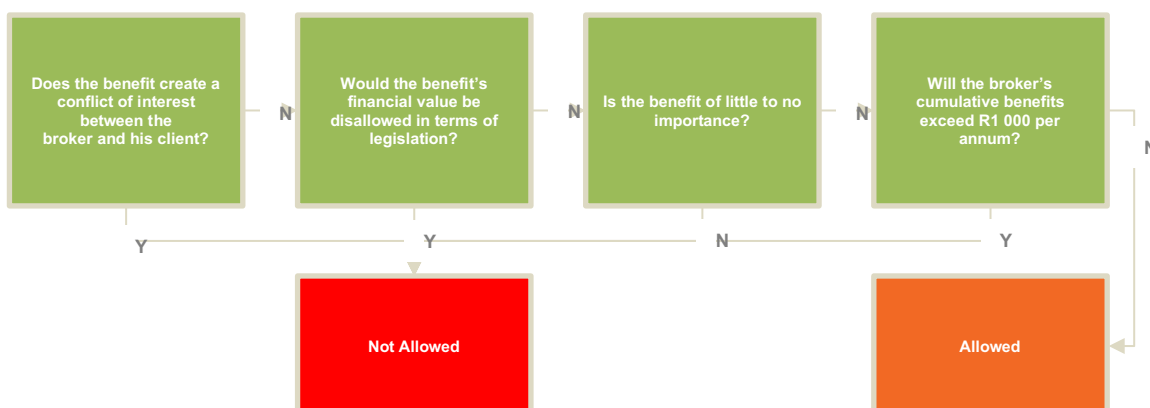
This can be illustrated by way of an example: A corporate brokerage who is an FSP may have 100 representatives. The limitation on providing “immaterial financial interests” is limited to a R1 000 per individual (and does not apply to the aggregation of 100 representatives (100 X R1000 for the FSP)). This means that you cannot multiply the R1 000 by the 100 representatives and regard this as an immaterial financial interest that accrues to the FSP.

In practical terms, Safrican would be allowed (as an FSP) to spend a maximum of R1 000 per broker on “immaterial financial interests” in a calendar year.

The requirements in Board Notice 58 of 2010 as amended applies to all relationships between the FSP and other FSP`s, product suppliers and representatives, in respect of services rendered in South Africa but regardless of whether they are domiciled in South Africa or internationally.

**4. FRAMEWORK FOR DECISION MAKING**

The following decision-tree is suggested as a guide to assist in deciding whether a specific benefit is allowable:



[Title]



## **5. EXAMPLES**

### **a. Extending Invitations to brokers**

#### **i. Golf Invitations**

An invitation to a broker to attend a golf game is acceptable, and is not viewed as creating an unallowable conflict of interest. The limitation is however that this may only include reasonable expenses to be paid for by the FSP. Reasonable expenses would be linked to the specific circumstances of an event, but always limited to an overall maximum amount of R1 000 per calendar year. As such an invitation falls within the definition of an allowable financial interest, this would need to be recorded and will be subject to the R1 000 pa immaterial financial interest limit.

#### **ii. Sporting and similar events**

As part of its normal marketing activities, Safrican may at times host (or be asked to participate in) a charity event (e.g. sponsoring a golf event or hole). When an FSP invites brokers to play (as part of the benefits afforded to the FSP for its sponsorship), this is not regarded as creating an unallowable conflict of interest. The limitation set out in (a) (i) above applies.

#### **iii. Invitations to cultural events**

The same limitation as set out in (a)(i) above applies.

### **b. Hosting Events for brokers**

#### **i. Golf Day**

Hosting a golf day for brokers is regarded as creating an unallowable conflict of interest.

#### **ii. Hunting/fishing**

Hosting a social trip for brokers is regarded as creating an unallowable conflict of interest.

### **c. Inviting brokers to conduct a “due diligence” visit to a Safrican Office**

Inviting brokers (and their managers) to interact with Safrican staff is not regarded as an unallowable conflict of interest. The limitation would however be that no travel or accommodation costs may be paid for by the FSP. Normal business courtesies (linked to reasonable expenses) would be allowable, but would be subject to the overall maximum of R1 000 per annum in any calendar year.

### **d. Providing brokers with marketing material to conduct promotional projects**

Providing brokers with a complimentary supply of Safrican specific branded material to conduct his/her own promotional activities, is regarded as creating an unallowable conflict of interest.

Providing marketing material to brokers at the normal distribution price is acceptable.

(Bear in mind that providing free promotional material and including this as an “immaterial financial interest” is not allowed.)

### **e. Providing brokers with a Safrican diary (or other date-linked items)**

Providing a broker with a diary is not regarded as creating an unallowable conflict of interest. The cost of such a diary should however be included in the calculation of “immaterial financial interest” (in relation to such a broker).

[Title]



**f. Hosting product seminars on behalf of a broker**

An FSP (who is also a product provider) may invite its clients to a function where its products are explained. At such a function the FSP is the host, and sends out invitations to its clients (and prospective clients).

Brokers may request the product provider to send invitations to his/her clients, but the guest list remains the sole responsibility of the product provider. The FSP (product provider) may provide reasonable refreshments to its clients (and prospective clients) at such functions.

**g. Personal gifts of nominal value**

Providing a supporting broker with a gift of a nominal value at special occasions e.g. at the end of the year, at birthdays, anniversaries is allowed provided that the cost of such gift should be included in the calculation of "immaterial financial interest".