



CONFLICT OF INTEREST POLICY

POLICY STATEMENT

- The company's Governing Body, its employees, volunteers, contractors, suppliers and any other persons acting on behalf of the organisation are required to familiarise themselves with the policy's requirements and undertake to comply with the stated processes and procedures.
- Titan Risk Services (Pty) LTD is a licensed FSP (Number 51361)
- The Company is obliged to render unbiased and fair financial services to clients. Accordingly, all employees of the Company who are involved in the business of the Company are obliged to conduct themselves in a professional manner and in line with this Policy and take all reasonable steps to avoid any business activities and/or practices that may create Conflicts of Interest between the Company and Employee interests, and the interest of Clients. In the event that it is not possible to avoid a Conflict of Interest, the Company will take all reasonable steps to mitigate the impact as well as appropriately disclosing any such Conflict of Interest to Clients.
- In considering potential Conflicts of Interest, the Company considers: the structure and business activities of the Company; and / or any proposed new business activities of the Company



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1. DEFINITIONS

1.1 Conflict of Interest

Conflict of Interest means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- influence the objective performance of his/her or its obligations to that client; or
- prevent a 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:
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

1.2 Financial Interest

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:

- an ownership interest;
- training, that is not exclusively available to a selected group of providers or representatives, on:
 - products and legal matters relating to those products;
 - general financial and industry information;
 - specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.
- a recognised qualifying enterprise development contribution to a qualifying beneficiary by a provider that is a measured entity.

1.3 Immaterial Financial Interest

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:

- 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.

1.4 Ownership Interest

Ownership Interest 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
- includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

1.5 Third Party

Third Party means

- a product supplier;
- another provider;
- an associate of a product supplier or a provider;
- a distribution channel;
- any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to a provider or its representatives.

1.6 Associate

Associate means

- in relation to a natural person:
 - a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person
 - a child of that person, including a stepchild, adopted child and a child born out of wedlock
 - a parent or stepparent of that person
 - 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
 - a person who is a spouse, life partner or civil union partner of a person referred to above
- a person who is in a commercial partnership with that person

- in relation to a juristic person:

EthiQal, trading under Titan Risk Services (Pty) Ltd, an authorised financial service provider FSP51361.
Underwritten by Yard Insurance Limited, an authorised financial service provider FSP17704.



- 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
- 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:
 - had such first-mentioned juristic person been a company, or
 - 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
- means 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:
 - means 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
 - includes any trust controlled or administered by that person

1.7 Distribution Channel

Distribution Channel means

- any arrangement between a product supplier of any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client
- 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 a product supplier
- any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier

2. PURPOSE OF A CONFLICT OF INTEREST MANAGEMENT POLICY

In terms of Section 3A(2) (a) of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003 (General Code of Conduct) promulgated under the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) every



Financial Services Provider (FSP) must adopt, maintain and implement a conflict of interest management policy.

In terms of the General Code of Conduct a provider and a representative must avoid, and where this is not possible, mitigate any conflict of interest between the provider and a client, or a representative of the provider and his, her or its clients.

The FSP and its representatives are committed towards acting within the best interests of our clients and to avoid all conflict of interests in relation to the provision of financial services. Where we are unable to avoid a conflict of interest, we will take all necessary precautions to ensure that any actual or potential conflict of interest is mitigated and adequately disclosed to our clients.

In order to ensure the continued demonstration of our commitment, management has adopted a Conflict of Interest Management policy to provide for the effective management of any actual or potential conflicts of interest that may arise wholly or partially, in relation to the provision of financial services.

2.1 The purpose of the Conflict of Interest Management Policy is therefore to:

- establish internal controls and mechanisms towards the identification of conflicts of interest
- establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore
- establish measures to ensure that any unavoidable conflicts of interest are mitigated
- establish measures to ensure the proper disclosure of any conflicts of interest
- establish processes, procedures and internal controls to facilitate compliance with the policy
- communicate the consequences of non-compliance with the policy
- assist employees in making the right decisions when confronted with potential Conflict of Interest issues

3. IDENTIFYING A CONFLICT OF INTEREST

3.1 INDIVIDUAL IDENTIFICATION

The primary responsibility for the identification of a conflict of interest rests with the representatives, employees and individual members of the governing body of the FSP.

Throughout the process of rendering a financial service to a client, a representative must apply his or her mind to answering the following questions:



- is there any situation that exists that influences the objective performance of my obligations to my client?
- is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
- is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is “no”, then there is no conflict of interest associated with the financial service and the representative may proceed.

If the answer to any one of the three questions is “yes”, the representative must proceed to answer the following additional questions:

- is the situation caused as a result of an actual or potential relationship with a third party? (see definition of “third party”)
- is the situation caused by an actual or potential financial or ownership interest? (see definition of “financial interest” and “ownership interest”)

If the answer to any one of these questions is “yes”, an actual or potential conflict of interest will have been identified.

3.2 FURTHER GUIDANCE ON IDENTIFYING A CONFLICT OF INTEREST

The definition of a Conflict of Interest incorporates the following terminology:

- influence the **“objective performance”** of his, her or its obligations to that client
- prevent a provider or representative from rendering an **“unbiased and fair financial service”** to that client
- including but not limited to a **“financial interest”**

It is generally understood that the word “objective” refers to a situation where an individual’s personal feelings or opinions are completely removed from the equation. The “objective performance” of an FSP or representative’s obligations therefore implies a situation where financial services are rendered without any untoward influences.

The word “bias” or “biased” is understood to mean a form of prejudice towards a particular person or viewpoint, whereas the word “fair” or “fairness” indicates a situation of just circumstances or being treated on an equal footing. An unbiased financial service therefore implies a financial service that does not lend itself to a particular persuasion, where no reasonable justification for such persuasion can be found. Similarly, a fair financial service implies a situation



where the same conclusion or outcome will consistently present itself given the exact same set of circumstances.

Subject to section 3A(1)(c) of the General Code of Conduct, the FSP and its representatives may only receive or offer the following “financial interest” from or to a “third party”:

- **commission** authorised under the Long-term Insurance Act and Short-term Insurance Act
- **fees** authorised under the Long-term Insurance Act and the Short-term Insurance Act, if those fees are reasonably commensurate to a service being rendered
- **fees** for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees:
 - are specifically agreed to by a client in writing; and
 - may be stopped at the discretion of that client
- **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
- an **immaterial financial interest** (subject to any other law)

- a **financial interest, not referred to above** for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that FSP or representative at the time of receipt thereof
- An FSP can spend up to a maximum of R1000.00, per calendar year, per FSP and/or representative. One is obliged to maintain a proper record of any financial interest provided. Attached, marked Annexure is a form which must be used when any financial interest is offered to an FSP and/or its representatives. The Human Resources Department (HR) are responsible for updating and to keep safe the Interest Register. Representative(s) who want to access the interest register must request the Human Resources (HR) Department to provide them with a copy.
- 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 the Company 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 a bribe or a payoff and certainly cannot be in violation of this Policy.

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



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

3.3 Sign – on Bonus

- The Company does not engage in the practice of offering FSPs and representatives sign-on bonuses as an incentive to render financial services on its behalf. The FAIS Act prohibits the offering of a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as an FSP or appointed as a representative by any FSP).
- A sign-on bonus according to the General Code of Conduct is defined as follows –
 - a) Any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider, and
 - b) A financial interest referred to in paragraph (a) includes but is not limited to –
 - i) Compensation for the –
 - (aa) potential or actual loss of any benefit including any form of income, or part thereof, or
 - (bb) cost associated with the provider’s business or operations, including the sourcing of business, relating to the rendering of financial services; or
 - ii) A loan, advance, credit facility or any other similar arrangement.

3.4 INTERNAL CONTROLS TO IDENTIFY CONFLICTS OF INTEREST

The FSP has implemented the following internal controls to identify actual or potential conflicts of interest that may arise:

- The legal department of the FSP conducts annual reviews on all contracts held with third parties in order to assess whether the contractual relationship in any way influences the FSP’s ability to render fair and



- unbiased financial services towards its clients
- Conflict of Interest declarations are signed by all relevant personnel on an annual basis. The purpose of collecting Conflict of Interest declarations is to assist the FSP and the appointed Compliance Officer to identify actual or potential conflicts of interest.
- A list of all third parties in which the FSP holds an ownership interest is available from our Legal Department. The list is reviewed on an annual basis
- The FSP maintains a Gift Register. All gifts received from a third party with an estimated value of R500 or more will be recorded in the FSP's Gift Register.

- All relevant personnel (Key Individuals and Representatives) are required to immediately disclose in writing to the governing body of the FSP and the FSP's Compliance Officer, any actual or potential conflicts of interest as soon as they become aware of such situation.

4. AVOIDING AND MITIGATING A CONFLICT OF INTEREST

Once an actual or potential conflict of interest has been identified, the following procedures will be followed in order to determine whether the conflict of interest is avoidable:

- All information that's led up to and resulting in or causing the actual or potential conflict of interest will be disclosed to the FSP's Governance Executive and the FSP's compliance officer and a decision will be made on how to deal with the situation.
- Company employee should avoid engaging in activities which will result in a Conflict of Interest. One must not use improper means to, for example, obtain business from a particular client.
- If Company employees 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 Company by reporting same to their immediate superior. This will enable the Company to decide whether or not to engage with the employee/transgressor in question.
- Company employees who are faced by a Conflict of Interest situation which is unavoidable, must ensure that the necessary disclosures are made to the client.
- Where the FSP has determined that the actual or potential conflict of interest is unavoidable, the following processes will be followed:
 - The management of the FSP and the FSP's compliance officer will convene and determine the measures that will be implemented in order to mitigate the actual or potential conflict of interest as far as reasonably possible
- Any measures implemented towards mitigating the actual or potential conflicts of interest will include the following arrangements:



- The status of whether the actual or potential conflicts of interest's is still deemed to be unavoidable shall be reassessed on a continuous basis
- Where a previously deemed unavoidable actual or potential conflicts of interest is subsequently deemed to be avoidable, such actual or potential conflict of interest shall immediately be avoided
- When rendering a financial service, a representative shall be required to disclose to the client in writing that an actual or potential conflict of interest exist
- The FSP and/or the FSP's compliance officer shall report on the status of the actual or potential conflict of interest in the FSP's compliance report to be submitted to the Financial Sector Conduct Authority

5. DISCLOSURE OF CONFLICTS OF INTEREST

It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest. The FSP is therefore committed to ensure that clients are fully informed about actual or potential conflicts of interest in relation to the provision of financial services.

The FSP has adopted the following disclosure measures:

- The FSP shall disclose to a client any conflict of interest in respect of that client
- The disclosure shall be made in writing at the earliest reasonable opportunity. The disclosure may be communicated by way of appropriate electronic media
- The disclosure shall include the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest
- The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest
- The disclosure shall include the measures taken to avoid or mitigate the conflict
- The disclosure shall include any ownership interest or financial interest, other than an immaterial financial interest, that the FSP or representative may be or become eligible for
- The disclosure shall include a reference to the FSP's Conflict of Interest Management Policy and how it may be accessed

6. COMPLIANCE MEASURES

The measures implemented towards ensuring the FSP's continued compliance with the Conflict of Interest Management Policy rests with the governing body of the FSP. The FSP's appointed Compliance Officer and the Human Resources (HR) Department



will monitor the FSP's continued compliance with the policy on an ongoing basis.

The FSP has adopted the following internal controls and processes:

- The Compliance Department shall be responsible for the training of all employees within the various business units of the Company on this Conflict of Interest Policy. The relevant legislative provisions will be highlighted during training, *ad hoc* communications and educational material will be used to highlight the awareness and the importance of compliance with this Policy.
- The Compliance department shall ensure that all Conflict of Interest declarations are signed by relevant personnel on an annual basis.
- Where an employee or representative have any concerns whether or not an actual or potential conflict of interest might arise in a particular situation, the employee or representative will be required to refer his or her concern to the FSP's Compliance Officer
- The Human Resources (HR) Department of the FSP shall continue to maintain a Gift Register and shall ensure that all gifts received from a third party with an estimated value of R500 or more are recorded in the FSP's Gift Register.
- The Conflict of Interest Policy shall be regularly reviewed by the appointed Compliance Officer, and where necessary, updated to ensure that the measures contained herein remains effective
- The Compliance Department FSP shall publish its Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times
- The Compliance Department of the FSP shall ensure that the Conflict of Interest Management Policy is reviewed on at least an annual basis
- The Compliance Department is also accountable for the monitoring and reporting of non-compliance with this Policy.

7. CONSEQUENCES OF NON-COMPLIANCE

Where there is reason to believe that an employee or representative has failed to disclose an actual or potential conflict of interest via the proper communication channels, the FSP will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by the FSP, its clients or any other third party.

Where an investigation concludes that an employee or representative of the FSP has indeed failed to disclose an actual or potential conflict of interest, the FSP shall immediately take appropriate disciplinary steps and corrective actions against such employee or representative. Any failure by an employee to comply with the Conflict of Interest Management Policy will be considered serious form of misconduct and a dismissible offence.