



CONFLICT OF INTEREST POLICY

African Independent Brokers (Pty) Ltd





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This policy is compiled in accordance with *the Financial Advisory and Intermediary Services Act no. 37 of 2002* and in particular, the General Code of Conduct for Authorised Financial Services Providers and Representatives as amended by Board Notice 706 of 2020, including all amendments contained in former Board Notices.

Approved by: Board of Directors

Commencement date: **02 June 2023**

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Review Frequency: Annual

V1.1 – 29/05/2023



1. APPLICATION AND PURPOSE

This policy applies to African Independent Brokers (Pty) Ltd (Registration number 2012/010479/07) (FSP 38159), an authorised financial services provider.

The purpose of this policy is to provide a framework for the prevention of conflicts of interest as far as reasonably possible. Where conflicts are unavoidable, the policy provides guidelines on how to deal with the conflicts in an ethical and responsible manner and mitigate potential risks.

2. INTERPRETATION

“associate” —

(a) in relation to a natural person, means—

- (i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
- (ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- (iii) a parent or stepparent of that person;
- (iv) 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;
- (v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);
- (vi) a person who is in a commercial partnership with that person;

(b) in relation to a juristic person—

- (i) 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;
- (ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
- (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person—
 - aa. had such first-mentioned juristic person been a company; or
 - bb. in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;



- cc. means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;
- (c) in relation to any person—
 - (i) 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;
 - (ii) includes any trust controlled or administered by that person.

“the Company” means African Independent Brokers (Pty) Ltd (Registration number 2012/010479/07) , a private company incorporated in accordance with the laws of the Republic of South Africa.

“Conflict of Interest” (hereinafter referred to as COI) 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 –

- (a) Influence the objective performance of his, her or its obligations to that client; or
- (b) Prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the best interest of that client, including, but not limited to –
 - (i) A financial interest;
 - (ii) An ownership interest;
 - (iii) Any relation 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 –

- (a) an ownership interest;
- (b) training, that is not exclusively available to a selected group of 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.



“Immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000.00 in any calendar year from the same third party in that calendar year 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;

“Ownership interest” means-

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

“Third party” means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

3. POLICY STATEMENT

The Company is committed to comply with the regulatory requirements governing COI and to ensure that COIs are appropriately managed in the best interest of the Company’s policyholders.

This policy was formally adopted by the Board of Directors of African Independent Brokers.

4. MANAGE CONFLICTS OF INTERESTS

4.1 Mechanisms to identify COI

Before the Company concludes a new business arrangement, the Company will consider whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of each representative entering into the relationship on behalf of us to ensure that this identification process is carried out and appropriately documented before the relationship with a party is entered into.

All Representatives will be accountable to ensure that the necessary reviews of all existing business arrangements are conducted at least annually to assess whether a potential conflict of interest in the light of changing circumstances exist.



4.2 Measures to avoid and mitigate COI

Whenever any potential conflict of interest is identified, the Representative responsible for the relationship will consider whether any practical means exist for avoiding such COI. Where this is not practical, the Representative will consult with the Company's Compliance Officer to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.

The measures identified to mitigate and manage this conflict 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 by the affected business unit.

4.3 Measures for the disclosure of COI

Wherever a potential COI is identified, the Company or Representative concerned will ensure that appropriate communication regarding the following aspects is included in the disclosure information and documentation provided to potential customers purchasing products:

- 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 purchasing the product.

4.4 Processes, procedures and internal controls to facilitate compliance

Representatives will be required to ensure that the policy is implemented and will, on an annual basis, warrant to our Compliance Officer in writing that they have met their obligations under this policy and describe the steps taken to do so.

Training for all affected staff will be provided by the Company or people procured by the Company to ensure that they understand their responsibilities under this policy.

The Compliance Officer will monitor compliance with this Conflict of Interest Management Policy and will perform the necessary reviews in consultation with Executive Management to ensure that appropriate procedures and processes are in place and remain effective to ensure compliance with the policy.

The Compliance Officer will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.



5. FINANCIAL INTERESTS OFFERED TO OUR REPRESENTATIVES

The Company may offer our representatives sales incentives, in addition to their basic salary, based upon a combination of:

- The quantity of business introduced;
- The quantity of business retained; and
- The consistency with which the representative maintains the above levels of business introduced and retained respectively.

The above sales incentives are provided, subject to the representative adhering to our TCF objectives and the Company's objective to provide soft landings to its policyholders.

No sales incentives may be offered to representatives for preferring one product over another that may be offered to a customer.

6. FINANCIAL INTERESTS RECEIVED FROM THIRD PARTIES

The Company may only receive the following interests from third parties being Product Providers or other Financial Service Providers:

- Commission authorised under the Long-Term or the Short-Term Insurance Acts;
- Fees that are reasonably in line with the Long-Term or the Short-Term Insurance Acts;
- 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 reasonable in line with the service being rendered;
- Any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- Any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

7. LIST OF OUR ASSOCIATES

The following entities are associates of the Company:

- Dotsure Limited
- Dotsure Life Limited
- Gold Club Rewards Company (Pty) Ltd
- Multi Risk Investment Holdings (Pty) Ltd
- Softsure (Pty) Ltd



- Badger Equity (Pty) Ltd
- Badger Holdings Australia Pty Limited
- Rapid Training Pty Limited
- Pacific International Insurance Pty Limited

8. THIRD PARTIES IN WHICH THE COMPANY HOLD AN OWNERSHIP INTEREST

None

9. THIRD PARTIES WHO HOLD AN OWNERSHIP INTEREST IN AFRICAN INDEPENDENT BROKERS

- Badger Holdings (Pty) Ltd

10. CONSEQUENCE OF NON-COMPLIANCE WITH THIS POLICY

Failure to comply with the provisions of this policy by any staff member or FAIS representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member or representative.

