

# **CONFLICT OF INTEREST MANAGEMENT POLICY**

**Policy Reference: 0033**

**for**

**GUARDRISK GROUP (PROPRIETARY) LIMITED**

**Incorporating all its operating subsidiaries and associated  
entities**

**Policy Owner: Chief Risk Officer  
January 2019**

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# 1. Overview

## 1.1. Document History

| Revision Date   | Doc Version | Summary of Changes | Author / Reviewer |
|-----------------|-------------|--------------------|-------------------|
| March 2011      | 1           | Initial drafting   | Maxwell Sibanda   |
| 24 March 2014   | 2           | Re-drafting        | Fikelephi Bham    |
| 06 October 2015 | 3           | Annual Review      | Nelly Swarts      |
| July 2016       | 4           | Annual Review      | Nelly Swarts      |
| January 2019    | 5           | Annual Review      | Sade' Govender    |

## 1.2. Operational Approvals

This document has obtained the following approvals:

| Name            | Title              | Doc Version | Approval Signature    | Date of Approval |
|-----------------|--------------------|-------------|-----------------------|------------------|
| Maxwell Sibanda | Chief Risk Officer | 2           | Confirmed to ExCo     | 26 March 2014    |
| Maxwell Sibanda | Chief Risk Officer | 3           | Refer to ExCo Minutes |                  |
| Maxwell Sibanda | Chief Risk Officer | 4           | Refer to ExCo Minutes |                  |
|                 |                    | 5           | Refer to ExCo Minutes | 24 January 2019  |

## 1.3. Governance Approvals

This document has obtained the following approvals:

| Name                   | Title  | Doc Version | Approval Signature            | Date of Approval |
|------------------------|--------|-------------|-------------------------------|------------------|
| Executive Committee    | ExCo   | 2           | Refer to ExCo Minutes         | 26 March 2014    |
| Executive Committee    | ExCo   | 3           | Refer to ExCo Minutes         |                  |
| Risk Committee         | RiskCo | 3           | Refer to RiskCo Minutes       | 26 October 2015  |
| Executive Committee    | ExCo   | 4           | Refer to ExCo Minutes         | 12 August 2016   |
| Audit & Risk Committee | ARCo   | 5           | Refer to Audit&RiskCo Minutes |                  |

## 1.4. Purpose

- 1.4.1. Conflicts of interest are potentially inherent in the nature of doing business for profit generally, but more so in a business that operates in an environment that deals with complex financial services which may at times involve a number of legal entities in certain transactions, some of which may be associated with each other.
- 1.4.2. It is accepted that conflicts of interest are to be avoided but where this is not fully possible, steps should be taken to mitigate them.
- 1.4.3. This document provides guidance with respect to the identification, avoidance and mitigation of existing and potential conflicts of interest as it applies to interactions between Guardrisk and its employees with clients, suppliers and customers in the provision of financial services products and any services related thereto.
- 1.4.4. Furthermore, the document takes into account the requirements of the General Code of Conduct found in the Financial Advisory and Intermediary Services Act 37 of 2002 as amended by Board Notice 58 of 2010.
- 1.4.5. The management of existing of potential conflicts of interest must comply with the regulatory requirements of the FAIS Act. It is good business practice to act in the best interests of the client when rendering financial services, ensuring long term relationships. Compliance with this Policy will ensure that Guardrisk will avoid penalties, legal liability, and reputational risk.
- 1.4.6. This Conflict of Interest Management (“COIM”) Policy will ensure that Guardrisk and its employees are able to render an unbiased and fair financial service to the client.

Other policies related to this Conflict of Interest Management Policy include:

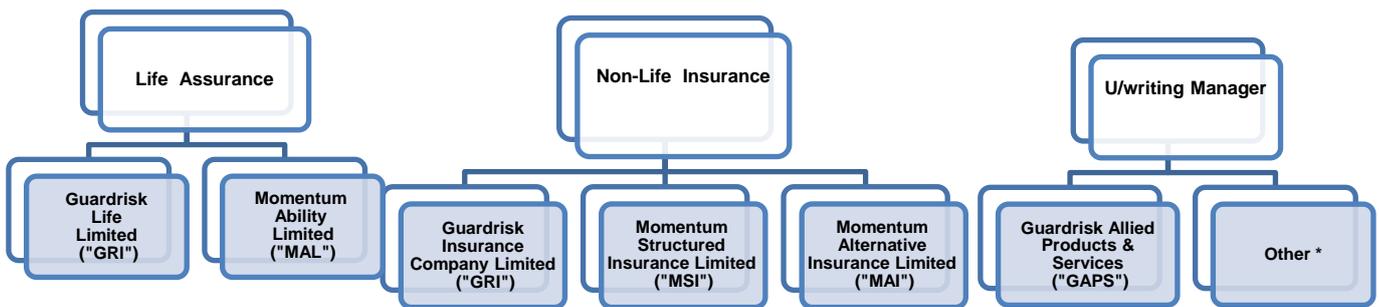
| <b>Policy Name</b>                                  | <b>Relationship</b> |
|---|---------------------|
| Policy on Policies                                  | Governed by         |
| Compliance Risk Management Framework                | Governed by         |
| MMI Group Limited FAIS Conflicts of Interest Policy | Governed By         |

## 1.6. Scope

For the purposes of this Policy, Guardrisk is made up of the following entities and associated entities:

| Legal or registered entities                   | Entity type       | Relationship to Guardrisk Group (Pty) Ltd |
|--|-------------------|---|
| Guardrisk Life Limited                         | Life Assurer      | Subsidiary                                |
| Guardrisk Insurance Company Limited            | Non-life Insurer  | Subsidiary                                |
| Guardrisk Allied Products & Services (Pty) Ltd | U/writing Manager | Subsidiary                                |
| Momentum Ability Limited                       | Life Assurer      | Associate                                 |
| Momentum Structured Insurance Limited          | Non-life Insurer  | Associate                                 |
| Momentum Alternative Insurance Limited         | Non-life Insurer  | Associate                                 |

**Illustration A: Entities within and/or managed by Guardrisk Group (Proprietary) Limited**



\* From time to time Guardrisk may acquire various Underwriting Managers (UMAs) following which the operations will be transferred into GRI and the legal entities will be discontinued. During this period of transfer of the said UMA into GRI, all Guardrisk risk management policies will apply to the UMA.

## 2. Communication and Escalation Process

### 2.1. Internal Communication

2.1.1. The table below outlines the roles and responsibilities of the stakeholders responsible for governance of this Policy.

| <b>Responsibility</b>      | <b>Structure</b>         | <b>Interest, Duties and Responsibilities</b>   |
|----------------------------|--------------------------|--|
| Supervision                | Board                    | The Board of Directors is ultimately responsible for this Policy including specifically its approval, but it delegates certain responsibilities to the Executive Committee, key individuals and to the compliance officer as set out below.  |
| Supervision                | Audit and Risk Committee | This Committee is responsible for ensuring that all committees, forums and individuals who have responsibility under the Policy fulfil their responsibilities in a timely and diligent manner. Audit and Risk Committee must review and approve this Policy, and recommend approval to the Board.  |
|                            | Executive Committee      | <p>Approve Policy and recommend approval to Risk Committee. Monitor that all potential and actual conflicts of interest are managed in accordance with this Policy.</p> <p>The Exco is the most senior decision making forum below the Board of Directors and is responsible for the following:</p> <ul style="list-style-type: none"> <li>• drafting and implementation of this Policy and for submission to the Board of Directors for its consideration and approval;</li> <li>• ensuring that all employees, representatives and where appropriate, associates, are made aware of the contents of this Policy including training and/or education in this regard;</li> <li>• ensuring that this Policy is published in appropriate media and that it is easily accessible for public inspection at all reasonable times.</li> <li>• Ensuring that Representatives' remuneration, including financial incentives, is not contrary to the requirements of the FAIS Act and this Policy.</li> </ul> |
| Operational Implementation | Managing Executives      | Implement, communicate & ensure that all potential and actual conflicts of interest are managed in accordance with this Policy. Specifically in relation to the FAIS Act, the KIs are responsible for managing or overseeing the activities of the Guardrisk FSPs with respect to the rendering of financial services. The responsibilities of the KIs in terms of this Policy are the same as those of the Exco as set out above, albeit with specific focus on the aspects that fall under the ambit of the Act.   |

| <b>Responsibility</b> | <b>Structure</b>      | <b>Interest, Duties and Responsibilities</b>   |
|-----------------------|-----------------------|--|
|                       | Representatives       | Ensure that financial services rendered are in the best interests of the client and not for the personal gain of the Representatives, directly or indirectly.  |
|                       | Compliance Department | <p>Monitor and report on compliance with this Policy.</p> <p>The Compliance Officer is responsible for the following: drafting and amending this Policy and for submission to the Exco for its consideration, approval and recommending to the Board and Risk Committee for approval;</p> <p>monitoring compliance with the requirements of the FAIS Act and this Policy, and reporting all breaches to the appropriate level of the governance structures;</p> <p>reporting in the annual compliance reports submitted to the Registrar of Financial Services Providers under the FAIS Act which must deal with the implementation of, monitoring of, compliance with, and accessibility of this Policy;</p> <p>maintaining a conflicts of interest management register into which all declaration forms completed by employees and representatives are recorded; and</p> <p>assist the Exco in discharging its responsibilities including conducting and/or arranging appropriate training and guidance to</p> |

- 2.1.2. Each governance structure specified above will receive routine feedback and communication related to the functioning of this Policy on a quarterly basis.
- 2.1.3. Ad-hoc or non-routine communication will be performed on a “bottom up” basis according to the following process and in accordance with the Conflict of Interest Management Policy.

## **2.2. External Communication**

- 2.2.1. Reporting to the Financial Sector Conduct Authority (“FSCA”) must be done on an annual basis in respect of all conflicts of interest declared for the reporting period or as requested by the FSCA.
- 2.2.2. When applicable and where the conflict of interest may impact the objective of rendering financial services, must be declared.

### 3. Conflict of Interest Management Process

#### 3.1. Definitions

The following definitions apply in relation to the reading of this Policy:

|                      |   |
|----------------------|---|
| <b>“affiliation”</b> | close involvement with a vendor, or service provider, on the part of the employee, the employee's family, or friends or business associates of the employee, including serving as a board member, employee, consultant or advisor to a current or potential vendor or service provider.   |
| <b>“associate”</b>   | <p>in relation to a natural person means:<br/>a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person:</p> <ul style="list-style-type: none"><li>• a child of that person, including a stepchild, adopted child, and a child born out of wedlock;</li><li>• a parent or stepparent of that person;</li><li>• a person in respect of whom 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.</li></ul> <p>in relation to a juristic person:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• which is a close corporation registered under the Close Corporations Act 1984, means any member thereof as defined in section 1 of that Act;</li><li>• which is not a company of a close corporation as referred to in the second sub bullet point above, means another juristic person which would have been a subsidiary or holding company of the first-</li></ul> |

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>• company, had both the first-mentioned juristic person and that other juristic person been a company;</li> <li>• means any person in accordance with whose directions or instructions the board of directors or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.</li> </ul> <p>in relation to any person means:</p> <ul style="list-style-type: none"> <li>• 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 instruction of the person first-mentioned in this paragraph;</li> </ul>   |
| <b>“authorised financial services provider”</b> | means a person who has been granted an authorisation as a financial services provider by the issue to that person of a license under Section 8 of the FAIS Act.   |
| <b>“Board Notice 58”</b>                        | refers to the Financial Services Board, Board Notice 58 of 2010, published in Government Gazette No. 33133 on the 19th of April 2010, which deals with conflicts of interest amends the FAIS General Code.  |
| <b>“Board of Directors”</b>                     | refers to the Boards of Directors of Guardrisk.   |
| <b>“compliance officer”</b>                     | refers to the statutory compliance officer appointed in terms of the FAIS Act in relation to the Guardrisk FSPs.  |
| <b>“conflict of interest”</b>                   | <p>in relation to a provider or a representative means:</p> <p>any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial interest to a client:</p> <ul style="list-style-type: none"> <li>• influence the objective performance of his or her or its obligations to that client; or</li> <li>• prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client,</li> </ul> <p>including but not limited to:</p> <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> <p>In relation to any employees, directors and/or representatives:</p> <p>any situation in which private interests or personal considerations affects, may affect, or may be perceived to affect, an employee's judgment in acting in the best interests of Guardrisk, including using an employee's position, confidential information or corporate time, material or facilities, for</p> <ul style="list-style-type: none"> <li>• private gain or advancement; or</li> <li>• <del>the expectation of private gain or advancement.</del></li> </ul> |
| <b>“COIM Policy”</b>                            | refers to the Conflicts of Interest Management Policy for Guardrisk as set out in this document.  |
| <b>“designated person”</b>                      | the person/s nominated by the Exco to administer the process set out in this policy in the respective business units.   |

|                               |  |
|-------------------------------|--|
| <b>“distribution channel”</b> | <p>means:</p> <ul style="list-style-type: none"> <li>• any arrangement between a product supplier or 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;</li> <li>• 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;</li> <li>• 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</li> </ul> |
| <b>“employee”</b>             | includes employees, temporary employees, independent contractors and employees/contractors of contracted service providers, of any of the corporate entities forming part of Guardrisk.  |
| <b>“employee's family”</b>    | includes the employee's spouse or equivalent, sibling, parent, grandparent, child, grandchild and any person who is a blood relation of the employee.  |
| <b>“Exco”</b>                 | refers to the Executive Committee of Guardrisk which is the most senior level of management below the Board of Directors.  |
| <b>“fair value”</b>           | has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, as amended.   |
| <b>“FAIS Act”</b>             | refers to the Financial Advisory and Intermediary Services Act 37 of 2002 as amended.  |
| <b>“FAIS General Code”</b>    | refers to the General Code of Conduct as amended which is found in the FAIS Act.   |
| <b>“financial interest”</b>   | <p>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>• an ownership interest,</li> <li>• training, that is not exclusively available to a selected group of providers or representatives on: <ul style="list-style-type: none"> <li>○ products and legal matters pertaining to those products;</li> <li>○ general financial and industry information;</li> <li>○ specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel</li> </ul> </li> </ul>                               |
| <b>“FSP”</b>                  | refers to the definition for “authorised financial services provider”.   |
| <b>“Guardrisk”</b>            | refers collectively to Guardrisk Group (Pty) Ltd and its operating subsidiaries namely Guardrisk Insurance Company Limited, Guardrisk Life Limited and Guardrisk Allied Products & Services (Pty) Ltd and any of their subsidiary companies incorporated in South Africa including Guardrisk Premium Finance (Pty) Ltd and Independent Premium Financing Company (Pty) Ltd.  |
| <b>“Guardrisk FSPs”</b>       | refers collectively to the legal entities which are part of Guardrisk that are authorised financial services providers, namely:  |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Guardrisk Insurance Company Limited (FSP No: 26/10/75);</li> <li>• Guardrisk Life Limited (FSP No: 26/10/76) and;</li> <li>• Guardrisk Allied Products &amp; Services (Pty) Ltd (FSP No 10411)</li> </ul>   |
| <b>“holding company”</b>               | means a holding company as defined in Section 1(4) of the Companies Act.   |
| <b>“immaterial financial interest”</b> | 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: <ul style="list-style-type: none"> <li>• a provider who is a sole proprietor; or</li> <li>• a representative for that representative’s direct benefit;</li> <li>• a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.</li> </ul>   |
| <b>“key individual”</b>                | in relation to an authorised financial services provider, or a representative, carrying on business as: <ul style="list-style-type: none"> <li>• a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or</li> <li>• a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person</li> </ul> |
| <b>“letter of authority”</b>           | refers to the letter issued by the compliance officer to a representative in accordance with the requirements of Section 13 (1)(b) of the FAIS Act which confirms that the representatives are mandated and entitled to render financial advice and/or intermediary services and lists the types of product categories for which the representative is so authorised.  |
| <b>“nepotism”</b>                      | the appointment, employment, promotion or advancement of a family member or relative in a position, or the advocacy of such actions by any employee, where that employee is able to influence, directly or indirectly, the decisions relating to these specified actions.  |
| <b>“new entrant”</b>                   | means a person who has never been authorised as a FSP or appointed as representative by any FSP.   |
| <b>“ownership interest”</b>            | means: <ul style="list-style-type: none"> <li>• 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</li> <li>• includes any dividend, profit share or similar benefit derived from that equity or ownership interest.</li> </ul>   |
| <b>“person”</b>                        | means any natural person, partnership or trust, and includes - <ul style="list-style-type: none"> <li>• any organ of state as defined in section 239 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);</li> <li>• any company incorporated or registered as such under any law;</li> <li>• any body of persons corporate or unincorporated;</li> </ul>  |
| <b>“product supplier”</b>              | means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act.  |

|                  |   |
|------------------|---|
| “provider”       | refer to the definition for “authorised financial services provider”.   |
| “representative” | <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>• does not require judgment on the part of the latter person; or</li> <li>• does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.</li> </ul> |
| “third party”    | <p>means</p> <ul style="list-style-type: none"> <li>• a product supplier;</li> <li>• another provider;</li> <li>• an associate of a product supplier or a provider;</li> <li>• a distribution channel;</li> <li>• a person in terms of an agreement or arrangement with a person referred to in the points above provides a financial interest to a provider or its representatives.</li> </ul>   |

### **3.2. Mechanisms for the Identification of Conflicts Of Interest**

Given the nature and complexity of the business activities in the provision of financial services products and services through a number of legal entities, a number of mechanisms have been identified which can be utilised to identify potential conflicts of interest, taking into account definition of conflicts of interest:

- 3.2.1 All employees, representatives and KIs are to be trained on the content of this Policy and will be made aware of the obligation to identify specific circumstances that may give rise to conflicts of interest;
- 3.2.2 In the event that they become aware of a conflict of interest, all employees, representatives and KIs are to follow the processes set out in this Policy in terms of disclosures and/or declarations;
- 3.2.3 The statutory disclosure notices have been enhanced and set out important information which, when read by clients, can assist in identification of potential conflicts of interest especially relating to associates;
- 3.2.4 The roles and responsibilities expected from the various parties are clearly set out in this Policy including those of employees, representatives, KIs, Compliance Officer, Exco and the Board of Directors.

### **3.3. Measures To Avoid or Mitigate Conflicts Of Interest**

In accordance with the provisions of this Policy, conflicts of interest generally are to be avoided. However, where this is not possible they must be mitigated and managed and guidance in this respect is set out in the points below:

### 3.3.1 **Measures To Avoid Conflicts Of Interest**

- 
- Avoid any situations in terms of which, when conducting business with a client, objectivity may be impaired;
- In the event there is a pre-existing financial interest which may result in a conflict of interest with a client or prospective client, it be disclosed and/or declared immediately;
- In the event that there is a pre-existing ownership interest which may result in a conflict of interest with a client or prospective client, it must disclosed and/or declared immediately;
- Ensure that all training is attended that may be provided from time to time relating to conflicts of interest and actively familiarize yourself with the content of this Policy.

### 3.3.2 **Measures To Mitigate Conflicts Of Interest**

- Follow the process set out in this Policy regarding disclosures, declarations and any guidance that may be issued following the assessment of any disclosure/declaration;
- Follow the process in relation to always providing clients with the requisite statutory disclosure notices;
- In the event that a conflict of interest is identified, it must be disclosed to the client in writing at the earliest reasonable opportunity (*refer to point 8 below for further details*);
- Clients are to be informed of the existence of this Policy and the manner in which it may be accessed;
- All staff, representatives and KIs will be provided with a copy of this Policy and will be required to sign an acknowledgement of receipt and declaration that they will familiarize themselves with its content;
- The Compliance Officer will add the monitoring of employees, representatives and KIs to this Policy to Guardrisk's annual compliance monitoring plan in order to identify whether there is compliance with this Policy.

## 3.4. **Measures for the Disclosure of Conflicts Of Interest**

In the event that a conflict of interest is identified, it must be disclosed to the client in writing at the earliest reasonable opportunity including specifically:

- the measures taken in accordance with this Policy to avoid or mitigate the conflict;
- any ownership or financial interest that the representatives or provider may be or become eligible for (*other than immaterial financial interest*);
- the nature of the relationship or arrangement with a third party that gives rise to the conflict in sufficient detail to enable the client to understand it.

The process described above is to be followed in all instances where a conflict of interest has been identified, irrespective of the fact that a client may have been provided with the statutory disclosures (*in other words, the written disclosure above is to be supplied to a client in addition to any standard statutory disclosure notice*).

## 3.5. **Process and Requirements Relating To Declaration**

### 3.5.1 **Employees' Obligation to Declare Any Personal Interests to Guardrisk**

Every employee must communicate and disclose any personal interests they may have in other Financial Services Providers, including affiliation and nepotism as defined which may cause an actual or perceived conflict of interest or could impair or be perceived to impair their ability to act with integrity or objectivity in the context of their employment. Disclosures must be made on the prescribed form.

### **3.5.2 *Employees' Obligation to Make an "Annual Declaration" To Guardrisk***

All employees must complete an annual declaration disclosing personal interests in other Financial Services Providers, including those which may be pre-existing which may cause an actual or perceived conflict of interest. Notwithstanding the fact that an employee may already have made one or more disclosures in the months preceding the receipt of their annual declaration form, they will still be required to complete an annual declaration form. If employees have nothing to declare, they will need to complete a nil declaration. Declarations are to be made on the prescribed form.

### **3.5.3 *Representatives' Obligation to Report Conflicts Of Interest to Guardrisk***

Once a representative has identified a conflict of interest (*refer to section 8 above*), the representative must report the conflict to the Compliance Officer of Guardrisk. The report is to be made in the prescribed format and is to be used by the Compliance Officer to update Guardrisk's conflicts of interest register.

## **3.6. *Consideration and Approval Process***

### **3.6.1 *Consideration and Approval of Employee Declarations***

Disclosures made by employees (*refer to 9.1 and 9.2 above*) are to be considered by the Compliance Officer and where necessary the Compliance Officer will refer any of the declarations to the Exco or a sub-committee that may be appointed by the Exco for the purpose of considering such referrals. The declarations are to be assessed in accordance with the requirements set out in this Policy and the transaction or activity related thereto must be approved and/or declined, which decision will be communicated to the employee in writing.

### **3.6.2 *Consideration of Representative Reports on Conflicts Of Interest***

All conflicts of interest that are reported by Reps (*refer to 9.3 above*) are to be considered by the Compliance Officer and are to be used to update the conflicts of interest management register. In certain instances, the Compliance Officer may refer certain reports to the Exco or a sub committee appointed by the Exco. The reports are to be assessed in accordance with the Policy and any feedback communicated to the representative in writing.

## **3.7. *Record Keeping and Maintenance of the Conflicts Of Interest Register***

### **3.7.1 *Record Keeping***

The Compliance Officer is tasked with keeping all the signed declaration forms completed by employees and/or by representatives on behalf of Guardrisk and in addition, copies of the conflicts of interest forms.

### 3.7.2 **Maintenance of the Conflicts Of Interest Register**

The Compliance Officer is to maintain the conflicts of interest register on behalf of Guardrisk. Details of all the declaration forms and conflict of interest forms will be recorded and updated in this register and reported monthly to the Exco.

## 3.8. **Payment / Receipt of “Financial Interest” & “Immaterial Financial Interest”**

### 3.8.1 **Payment / Receipt of Financial Interest**

Providers or representatives are only permitted to receive or offer the following financial interests from or to a third party:

- Commissions authorised in terms of the Long-term Insurance Act or Short-term Insurance Act;
- Fees authorised in terms of the Long-term Insurance Act or Short-term Insurance Act;
- Fees for the rendering of a financial service in respect of which commission or fees referred to in the two points above have not been paid, provided that the fees payable:
  - are specifically agreed to by a client in writing; and
  - may be stopped at the discretion of that client within the notice period as specified in each instance;
- 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.
- Any financial interest that is not specifically referred to in the points above for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

| Examples of some of the typical items that may fall into the definition of immaterial financial interest | Allowable | <b>Conditions Applicable</b> All the examples of items marked with a ✓ are allowable but, the aggregate value of the total “immaterial financial interest” cannot exceed R1,000 per year payable to or receivable by a natural person. Note that the R1,000 cannot be aggregated at provider level in order to circumvent the limitation per natural person. For example, a provider with 10 representatives cannot receive R10, 000 and then use it on 5 of its representative would effectively be receiving R2,000 each as this is prohibited. |
|--|-----------|---|
| Accommodation  | ✓         |   |
| Advantage  | ✓         |   |
| Domestic or foreign travel   | ✓         |   |
| Entertainment ( <i>i.e. drinks, outings, hunting trips etc</i> )   | ✓         |   |
| Golf days  | ✓         |   |
| Hospitality  | ✓         |   |
| Meals ( <i>i.e. lunch, breakfast, dinner etc</i> )   | ✓         |   |
| Services (monetary value of any services)  | ✓         |   |

In addition to the financial interests listed above, providers or representatives may also receive or offer immaterial financial interest subject to any other applicable laws (*refer to point 12.2 below for further details and guidance*).

### **3.8.2 *Payment of Financial Interests by Guardrisk to its Representatives***

Guardrisk may not offer any financial interest to its representatives for:

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

### **3.8.3 *Payment / Receipt of Immaterial Financial Interest***

Providers or representatives are permitted to receive an immaterial financial interest from or to a third party.

Taking into account the definition of the term “immaterial financial interest”, the ExCo have considered the application of this to Guardrisk and its employees and representatives and provide the following guidelines:

The list of items above is not exhaustive and if employees, representatives or KIs are in doubt, they are to consult with the Compliance Officer before receiving or offering the item which may fall into the definition of financial interest.

## **3.9. *Financial Interests Payable by Guardrisk to Representatives***

Guardrisk's representatives are remunerated in the form of salaries and some of them may be eligible for the payment of a guaranteed 13th cheque or in some instances annual performance bonuses that recognise their contribution to the overall performance of Guardrisk. Salaries are paid in accordance with employment contracts and in instances where a representative is paid a performance bonus, in all instances it will be calculated based on a formula which includes the net profit performance of Guardrisk and the overall performance appraisal of the individual concerned. In the event that the remuneration structure is amended to include the payment of commissions to representatives in addition to their basic salaries, any such commissions will not be calculated on the quantity of business to the exclusion of quality, the giving of preference to a specific product supplier where the representative may recommend more than one product supplier or the giving of preference to a specific product where the representative may recommend more than one product of a particular product supplier.

## **3.10. *Consequences Of Non-Compliance***

Non-compliance by employees and/or representatives with this Policy will result in disciplinary action being taken against the individual/s which may include sanctions in terms of the Guardrisk Disciplinary Code.

In addition to this, sanctions may be imposed against representatives who emanate from the requirements of the FAIS Act including possible debarment.

### 3.11. List of Associates

Guardrisk is a juristic person and therefore the definition of associates as it applies to juristic representatives is applicable. This includes 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. In this respect, it is our interpretation that the companies that are associated to Guardrisk are those which are part of the MMI Holdings Group of companies of which Guardrisk is itself a subsidiary, but limited only to operating companies and holding companies of operating companies. The list of associate companies is supplied below:

| Ref No | Names of Associate Companies  |
|--------|---|
| 1.     | 102 Rivonia Road (Pty) Ltd  |
| 2.     | 2 Merchant Place (Pty) Limited  |
| 3.     | Aberfeldy Development (Pty) Limited   |
| 4.     | Aconcagua 14 Investments (RF) (Pty) Ltd   |
| 5.     | AdviceAtWork (Pty) Limited  |
| 6.     | Aids Africa (Pty) Limited   |
| 7.     | Brooklyn Forum (Pty) Limited  |
| 8.     | Business Venture Investments no. 976 (Pty) Limited                                    |
| 9.     | CShell 448 (Proprietary) Limited  |
| 10.    | Erf 190 Eastgate Ext 13 (Pty) Limited   |
| 11.    | Eris Property Fund Carry Vehicle (Pty) Limited  |
| 12.    | ERIS Property Group (Pty) Limited   |
| 13.    | Festival Properties (Pty) Limited   |
| 14.    | First Consolidated Holdings (Pty) Limited   |
| 15.    | Gamaphuteng Enterprises (Pty) Limited   |
| 16.    | Greater Services (Pty) Limited  |
| 17.    | Greenel Properties (Pty) Limited  |
| 18.    | Guardrisk Allied Products and Services (Pty) Ltd                                      |
| 19.    | Guardrisk Insurance Company Limited   |
| 20.    | Guardrisk Life Limited  |
| 21.    | Hawley Road Developments (Pty) Limited  |
| 22.    | Hawley Road Developments (Pty) Ltd  |
| 23.    | Housing Finance (Pty) Limited (to be deregistered)                                    |
| 24.    | Lake Buena Vista (Pty) Limited  |
| 25.    | Lakeview Management Properties (Pty) Ltd (dormant)                                    |
| 26.    | LandPlan Beleggings (Pty) Limited   |
| 27.    | Longacre Estates (Pty) Limited  |
| 28.    | Matador Building (Pty) Limited  |
| 29.    | MET Collective Investments (RF) (Pty) Ltd   |
| 30.    | Metcollective Investments Limited   |
| 31.    | Metropolitan Asset Managers Limited   |
| 32.    | Metropolitan Capital (Pty) Limited  |
| 33.    | Metropolitan Empowerment Trust  |
| 34.    | Metropolitan Health (Pty) Limited (previously Metropolitan Health Holdings (Pty) Ltd) |
| 35.    | Metropolitan International (Proprietary) Limited                                      |
| 36.    | Metropolitan International Holdings (Pty) Limited                                     |
| 37.    | Metropolitan International Limited  |
| 38.    | Metropolitan Investments Options (Pty) Ltd (in deregistration)                        |

|     |  |
|-----|--|
| 39. | Metropolitan Lesotho Limited   |
| 40. | Metropolitan Life International Limited  |
| 41. | Metropolitan Life Limited (dormant)  |
| 42. | Metropolitan Life of Botswana Limited  |
| 43. | Metropolitan Life Properties Ltd(dormant)  |
| 44. | Metropolitan Odyssey Limited   |
| 45. | Mettle Investments (Pty) Limited   |
| 46. | MGH UK Limited   |
| 47. | MMI Finance Company (Pty) Ltd  |
| 48. | MMI Foundation   |
| 49. | MMI Group Limited  |
| 50. | MMI Infrastructure & Operations (Pty)  |
| 51. | MMI Infrastructure & Operations (Pty) Ltd  |
| 52. | MMI Short-term Insurance Administration (Pty) Ltd                                  |
| 53. | MMI Strategic Investments (Pty) Limited (dormant)                                  |
| 54. | Momentum Ability Limited   |
| 55. | Momentum Africa Investments (Pty) Limited  |
| 56. | Momentum Alternative Insurance Limited   |
| 57. | Momentum Alternative Investments (Pty) Limited                                     |
| 58. | Momentum Asset Management (Pty) Limited  |
| 59. | Momentum Connect (Pty) Ltd (dormant)   |
| 60. | Momentum Consult (Pty) Limited   |
| 61. | Momentum Family Focus (Pty) Ltd  |
| 62. | Momentum Finance Company (Pty) Limited   |
| 63. | Momentum Growth (Pty) Ltd (dormant)  |
| 64. | Momentum Healthcare Distribution (Pty) Limited                                     |
| 65. | Momentum Interactive (Pty) Limited   |
| 66. | Momentum International MultiManagers (Pty) Limited                                 |
| 67. | Momentum Investment Consulting (Pty) Limited                                       |
| 68. | Momentum Investments (Pty) Limited   |
| 69. | Momentum Investments Shared Services (Pty) Limited                                 |
| 70. | Momentum Life Botswana Limited   |
| 71. | Momentum Medical Scheme Administrators (Pty) Limited                               |
| 72. | Momentum Netherlands BV  |
| 73. | Momentum Netherlands BV (pending liquidation)                                      |
| 74. | Momentum Properties (Pty) Limited  |
| 75. | Momentum Property Investments (Pty) Limited  |
| 76. | Momentum Retirement Administrators (Proprietary) Limited                           |
| 77. | Momentum Retirement Administrators (Proprietary) Limited (previously Metropolitan) |
| 78. | Momentum Short-Term Insurance Limited  |
| 79. | Momentum Structured Insurance Limited  |
| 80. | Momentum Trust Limited   |
| 81. | Momentum Wealth (Pty) Limited  |
| 82. | Momentum Wealth International Limited (Guernsey)                                   |
| 83. | Momman 2 (Pty) Limited   |
| 84. | Momman 2 (Pty) Limited (in deregistration)   |
| 85. | Namib Life Company Limited (dormant)   |
| 86. | Namibian Life Company Limited  |

|      |   |
|------|---|
| 87.  | Newlands Lodge (Pty) Limited                                |
| 88.  | Parc du Cap Body Corporate                                  |
| 89.  | Pietersburg Hotel Persele (Pty) Ltd                         |
| 90.  | Roseneck (Pty) Limited (in deregistration)                  |
| 91.  | Sage Consulting Services (Pty) Limited                      |
| 92.  | Sage Corporate Services (Pty) Limited                       |
| 93.  | Sage Education Trust  |
| 94.  | Sage Guaranteed Options (Pty) Limited                       |
| 95.  | Sage Holdings Limited                                       |
| 96.  | Sage Life Limited   |
| 97.  | Sage Management Services (Pty) Limited (in deregistration)  |
| 98.  | Sage Share Incentive Trust                                  |
| 99.  | SGL Executive Share Trust                                   |
| 100. | Shelf Nominees 2 (Pty) Limited                              |
| 101. | Slab Joint Finance Company (Pty) Ltd                        |
| 102. | SLAM Nominees (Pty) Limited                                 |
| 103. | SMH Land Development (Pty) Limited                          |
| 104. | Southern Investment Management Company (Pty) Limited        |
| 105. | Southern Life Building Johannesburg (Pty) Limited           |
| 106. | Southern Life Employee Benefits Services (Pty) Limited      |
| 107. | Southern Life Property Developments (Pty) Limited (dormant) |
| 108. | Southern Life Special Investments (Pty) Limited             |
| 109. | Terama (Pty) Ltd (pending liquidation)                      |
| 110. | The Metropolitan Staff Share Incentive Trust                |
| 111. | The Metropolitan Staff Share Incentive Trust (dormant)      |
| 112. | The Metropolitan Staff Share Purchase Trust (dormant)       |
| 113. | The Southern Life Association Namibia (dormant)             |
| 114. | The Virtual Services Group (Proprietary) Limited            |
| 115. | Trustable (Pty) Limited                                     |
| 116. | Tsumeb Mall (Pty) Limited (Pty) Ltd (Namibia)               |
| 117. | Union Money (Proprietary) Limited (dormant)                 |
| 118. | Vuyo Investments (Pty) Limited (in deregistration)          |

### **3.12. List of Third Parties in Which the Guardrisk FSPs Hold an Ownership Interest**

The definition of third party according to Board Notice 58 means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or any other person that in terms of an agreement or arrangement with a person referred to in the preceding list provides a financial interest to a provider or its representatives. In terms of this definition, Guardrisk's FSPs do not have any ownership interests.

### **3.13. List Of Third Parties That Hold An Ownership Interest In The Guardrisk FSPs**

The definition of third party according to Board Notice 58 means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or any other person that in terms of an agreement or arrangement with a person referred to in the preceding list provides a financial interest to a provider or its representatives. The following entity holds an ownership interest in Guardrisk's FSPs:

| <b>Company Name</b>       | <b>% Shareholding in Guardrisk Insurance</b> | <b>% Shareholding in Guardrisk Life</b> | <b>% Shareholding in Guardrisk Allied Products &amp; Services</b> |
|---------------------------|--|---|---|
| Guardrisk Group (Pty) Ltd | *Effective 100% share                        | *Effective 100% share                   | 100% share  |

*\* Guardrisk Insurance Company Limited and Guardrisk Life Limited are both cell captive insurance companies and in this respect, the companies issue "A" and "L" Client Ordinary Shares respectively to their cell clients for the purposes of incepting the cells. In this respect these cell clients, some of which may be licensed financial services providers do hold an ownership interest in the Guardrisk companies.*

*In terms of this Policy, Guardrisk does not consider these clients ownership to fall within the definition of ownership interest as set out in Board Notice 58, the context of which relates to the identification of perceived or conflicts of interest. Accordingly, none of the clients that hold Client Shareholder Shares are listed above.*

## **4 *Known Limitation and Planned Developments***

The following limitations have been identified with the corresponding planned developments.

| <b>Limitation</b> | <b>Planned Developments</b> | <b>Priority and timeline for completion</b> |
|-------------------|-----------------------------|---|
| -                 | -                           | -   |
| -                 | -                           | -   |

## **5 *Policy Review***

5.1. The Conflict of Interest Management Policy will undergo a full review on an annual basis.