



# **HOLISTIC RISK SERVICES (PTY) LTD**

## **CONFLICTS OF INTEREST MANAGEMENT POLICY**

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## 1. INTRODUCTION AND STATEMENT

Paragraph 3(1)(b) of the Board Notice 80 of 2003 on the General Code of Conduct for Authorised Financial Services Providers and Representatives (as amended) requires that a provider must disclose to the client the existence of any personal interest in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest in relation to such service, and take all reasonable steps to ensure fair treatment of the client.

Adherence to this policy is a condition of employment, and any non-compliance with its provisions may result in disciplinary action, up to and including termination of employment.

## 2. PURPOSE

This policy aims to regulate and mitigate potential harm to clients arising from conflicts of interest, with particular emphasis on non-cash incentives and benefits offered by third parties, namely other service providers, product suppliers, or any individual to those rendering financial services on behalf of HOLISTIC RISK SERVICES (PTY) LTD ("the Provider").

Conflicts of interest will be managed in a manner that ensures financial services are provided consistently with the highest standards of honesty, fairness, skill, care, and diligence. This approach is intended to safeguard the interests of clients and uphold the integrity of the financial services industry.

## 3. SCOPE

This policy applies to all employees of the Provider, as well as to any contractual third parties or partners engaged in business with the company, insofar as it is relevant to their respective roles and responsibilities.

## 4. DEFINITIONS

The Provider trades as a company incorporated with limited liability in terms of the Companies Act 61 of 1973 and accordingly, for the purposes of this policy, the following words and expressions will have the following meanings:

**"Associate"**, in relation to the Provider, means any entity referred to below who is also a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person who in terms of an agreement or arrangement with any product supplier, another provider, an associate of a product supplier or a provider, a distribution channel above provides a financial interest to the Provider or its representatives such an associate being any subsidiary company of the Provider, any holding company of the Provider, any other subsidiary of any holding company of the Provider, any other company of which that holding company is a subsidiary, any person in accordance with whose directions or instructions the board of directors of the Provider is accustomed to act, 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 Provider, or any trust controlled or administered by the Provider.

**"Conflict of Interest"** means any situation in which the Provider or any representative has an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client, or prevents the Provider or any representative 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 a financial interest, an ownership interest, or any relationship with a third party.

**“Distribution channel”** means 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, 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, or any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the Provider or providers and a product supplier.

**“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, or 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, or 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 R 1,000.00 in any calendar year from the same third party in that calendar year received by a provider who is a sole proprietor, a representative for that representative’s direct benefit, or 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 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.

**“Third party”** means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or 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.

## 5. PERMITTED FINANCIAL INTERESTS

The following financial interests are permitted and are not regarded as constituting any actual or potential conflict of interest:

- Commission authorised under the Long-term Insurance Act 52 of 1998;
- Fees authorised under the Long-term Insurance Act 52 of 1998 if those fees are reasonably commensurate to a service being rendered,
- Fees for the rendering of a financial service in respect of which commissions or fees authorised under the Long-term Insurance Act. 52 of 1998 are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;

- Commission authorised under the Short-term Insurance Act 53 of 1998;
- Fees authorised under the Short-term Insurance Act 53 of 1998 if those fees are reasonably commensurate to a service being rendered
- Fees for the rendering of a financial service in respect of which commissions or fees authorised under the Short-term Insurance Act 53 of 1998 are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
- Commission authorised under the Medical Schemes Act 131 of 1998;
- Fees authorised under the Medical Schemes Act 131 of 1998 if those fees are reasonably commensurate to a service being rendered
- Fees for the rendering of a financial service in respect of which commissions or fees authorised under the Medical Schemes Act 131 of 1998 are not paid, provided that such fees are specifically agreed to by the 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;
- Any financial interest in the form of cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration 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 provider or representative at the time of receipt thereof.
- Training, that is not exclusively available to a selected group of providers or representatives, on products and legal matters relating to those products excluding travel and accommodation associated with that training;
- Training, that is not exclusively available to a selected group of providers or representatives, general financial and industry information excluding travel and accommodation associated with that training;
- Training, that is not exclusively available to a selected group of providers or representatives, specialised technological systems of a third party necessary for the rendering of a financial service excluding travel and accommodation associated with that training; and
- Any immaterial financial interest.

## **6. PROHIBITED FINANCIAL INTERESTS**

Any financial interest described below that does not fall within the provisions of Permitted Financial Interests is prohibited and may not be accepted under any circumstances are the following:

Any cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or any other incentive or valuable consideration, received from any third party;

The sole exceptions to the prohibition on the receipt of the financial interests referred to above are when the aggregate of the determinable monetary value received in any calendar year from the same third party does not exceed R1,000.00 in that calendar year if received by the Provider, or does not exceed the sum of R1,000.00 multiplied by the total number of representatives if received by all or any representatives in any calendar year from the same third party.

#### **7. DECLARATION OF THE PROVIDER'S OWNERSHIP INTEREST**

Neither the Provider nor any representative has any actual or potential equity or proprietary interest of any kind in any Third Party that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

Neither the Provider nor any representative receives any actual or potential dividend, profit share or similar benefit derived from any equity or ownership interest of any Third Party that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

#### **8. DECLARATION OF OWNERSHIP INTEREST IN THE PROVIDER**

No Third Party has any actual or potential equity or proprietary interest of any kind in the business of the Provider that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

No Third Party receives any actual or potential dividend, profit share or similar benefit to the Provider that is derived from any equity or ownership interest that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

#### **9. DECLARATION OF RELATIONSHIPS WITH THIRD PARTIES**

Neither the Provider nor any representative has any actual or potential relationship with any Third Party that may, in rendering a financial service to a client, influence the objective performance of his/her obligations to that client or prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

#### **10. LIST OF ASSOCIATES**

The Provider does not have any associates (as defined) who is a Third Party (as defined) and in respect of whom there is or may be any conflict of interest or any potential conflict of interest.

## **11. IDENTIFICATION OF CONFLICTS OF INTEREST**

A conflict of interest involves the abuse, actual, apparent, or potential, of the trust that people have in professionals. A conflict of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity.

An apparent conflict of interest is one in which a reasonable person would think that the professional's judgment is likely to be compromised. A potential conflict of interest involves a situation that may develop into an actual conflict of interest.

It is important to note that a conflict of interest exists whether or not decisions are affected by a personal interest. A conflict of interest implies only the potential for bias, not likelihood.

It is the formal policy of the Provider to avoid as far as possible all actual and potential conflicts of interest.

In determining whether there is or may be a conflict of interest to which this policy applies, the Provider shall, in particular, consider whether there is any risk of prejudice to any client, taking into account whether the Provider and/or any representative, associate or employee of the Provider:

- is likely to gain financially, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client; or
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

## **12. MANAGEMENT OF CONFLICT OF INTEREST**

Any queries by employees of the Provider in regard to conflicts of interest potential, actual or apparent must be referred to the Key Individual, who is the person responsible for the identification and management of conflicts of interest. Any decision by the Key Individual shall be final and binding.

The Provider shall establish and maintain a Gifts Register maintained on the Kotive compliance record keeping system, wherein all immaterial financial interests shall be recorded by each representative to ensure compliance with the limitations set for such immaterial financial interests.

This Conflict of Interest Management Policy shall be viewed holistically and shall not concentrate on remuneration issues only. The policy shall have as its sole purpose the intention of ensuring that at all times financial services are rendered honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry .

All Key Individuals of the business shall regularly review the terms and conditions of the relationship between the business and all product suppliers and other financial services providers in order to

identify potential, apparent or actual conflicts of interest and shall also regularly review the procedures adopted to prevent such conflicts in compliance with this policy.

Key Individuals shall be responsible for ensuring that all employees of the business are adequately exposed to the concept of conflicts of interest and shall provide appropriate training to employees and shall be responsible for ensuring the adherence of employees to the policy.

### **13. MEASURES FOR THE DISCLOSURE OF CONFLICTS OF INTEREST**

Where the Provider has considered the circumstances surrounding a possible conflict of interests and has determined for reasons that may have arisen at that time, that it is impossible to avoid such conflict of interest, the Provider shall at that time take such measures as may be reasonable to mitigate the prejudice to client.

In circumstances referred to above, the Provider, or representative, as the case may be, shall be required to notify the client of the possibility of the conflict and shall disclose full details of the nature of the possible prejudice to the client.

The written notification to the client shall also contain details and reasons why the conflict of interest cannot be avoided in the circumstances and the client shall be asked to confirm in writing that the Provider may proceed or continue to act in the particular matter, as the case may be.

### **14. PROCESSES, PROCEDURES AND INTERNAL CONTROLS**

The Provider shall ensure that its employees, representatives and, where appropriate, associates, are aware of the contents of this Conflict of Interest Management Policy and shall provide for appropriate training and educational material in this regard.

The Provider shall continuously monitor compliance with this Conflict of Interest Management Policy and shall conduct a review of the policy on an annual basis.

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

If the Provider's Board of Directors has reasonable cause to believe that any employee, including any Key Individual, representative and/or juristic representative has failed to disclose actual or possible conflicts of interest, it shall inform such individual/s of the basis for such belief and afford such individual/s an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the individual/s in question and making such further investigation as may be warranted, the board or committee determines that the individual/s has/have in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **16. BASIS OF REPRESENTATIVE'S REMUNERATION**

The Provider and its representatives only receives:

- fees authorised under the Short-term Insurance Act, 1998 (Act 53 of 1998), if those fees are reasonably commensurate to a service being rendered;



- fees where authorised commissions and/or fees which are not paid;
- the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the Provider or its representative in exchange for the fees are specifically agreed to by a client in writing;
- those fees may be stopped at the discretion of that client; and
- fees or remuneration for the rendering of a service to a third party which fees or remuneration are reasonable commensurate to the service rendered.

The Provider does not reward or remunerate any representative for:

- giving preference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes;
- giving preference to a specific product supplier, where the representative in question may recommend more than one product supplier to a client; or
- giving preference to a specific product of a product supplier, where the representative in question may recommend more than one product of that product supplier to a client.

The Provider is able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to:

- the achievement of minimum service level standards in respect of clients;
- the delivery of fair outcomes for clients; and
- the quality of the representative's compliance with the Financial Advisory and Intermediary Services Act;

as agreed between the provider and the representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

## **17. CONTACT DETAILS**

Any queries in regard to this Conflicts of Interest Management Policy, including any report of any breach thereof, may be addressed to:

Name: Andrew Penney

Tel No: 011 840 6000

Email: [andrew@hrsinsurance.co.za](mailto:andrew@hrsinsurance.co.za)

All such queries and reports will be kept in the strictest confidence and in circumstances where and employee of the Provider has reported any breach of this policy, the Provider will use its best endeavours to protect the identity of such employee.

## 18. OWNERSHIP AND ACCOUNTABILITY

This policy is owned by HOLISTIC RISK SERVICES (PTY) LTD, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act (37 of 2002).

As Key Individual of the Provider, I, ANDREW PENNEY, hereby confirm the adoption of this policy.

I hereby accept responsibility for the successful implementation of this policy on behalf of HRS, in accordance with internal controls and consistent delivery of the Fairness Outcomes.

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Andrew Penney  
Director/Key Individual