

Tax Risk Underwriting Managers (TRU)

Conflict of Interest management (COI) Policy

Last update:

2024/09/10

Introduction

According to the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) General Code of Conduct for authorised Financial Services Providers and Representatives, section 3, a provider and a representative must avoid conflict of interest, and where this is not possible, mitigate the conflict of interest between the provider and a client or the representative and a client.

To adhere to the requirement, Tax Risk must ensure that adequate procedures are in place for the management of conflicts of interests that may arise wholly or partially in relation to the provision of any financial services to the clients by Tax Risk, or any representatives of Tax Risk, as part of the financial business of the Tax Risk.

Statutory Definitions of COI

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, -

- (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 interests of that client,

Including, but not limited to –

- (i) a financial interest;
- (ii) an ownership interest;
- (iii) any relationship 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 –

“ownership interest” means-

- a) 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
- b) Includes any dividend, profit share or similar benefit derived from that equity or ownership interest

“immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party;

“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.

Policy statement

The TRU is committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders.

The management of CIO

Mechanisms for the identification of COI

Before we conclude new business arrangements we shall consider whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of the Key Individual/s entering into the relationship on behalf of TRU to ensure that this identification process is carried out and appropriately documented before the relationship is progressed.

Key Individual/s will be accountable to ensure that the necessary reviews of all existing business arrangements are conducted at least quarterly to assess the ongoing conflict of interest in the light of changing circumstances, operational processes and procedures that may have been implemented since the commencement of the business.

Measures for the avoidance and mitigation of identified COI

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

The resulting mitigating and managing measures 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 TRUM.

Measures for the disclosure of COI

Wherever potential conflict of interest is identified, the Key Individual/s 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 wishes to continue with purchasing the product.

Processes, procedures and internal controls to facilitate compliance

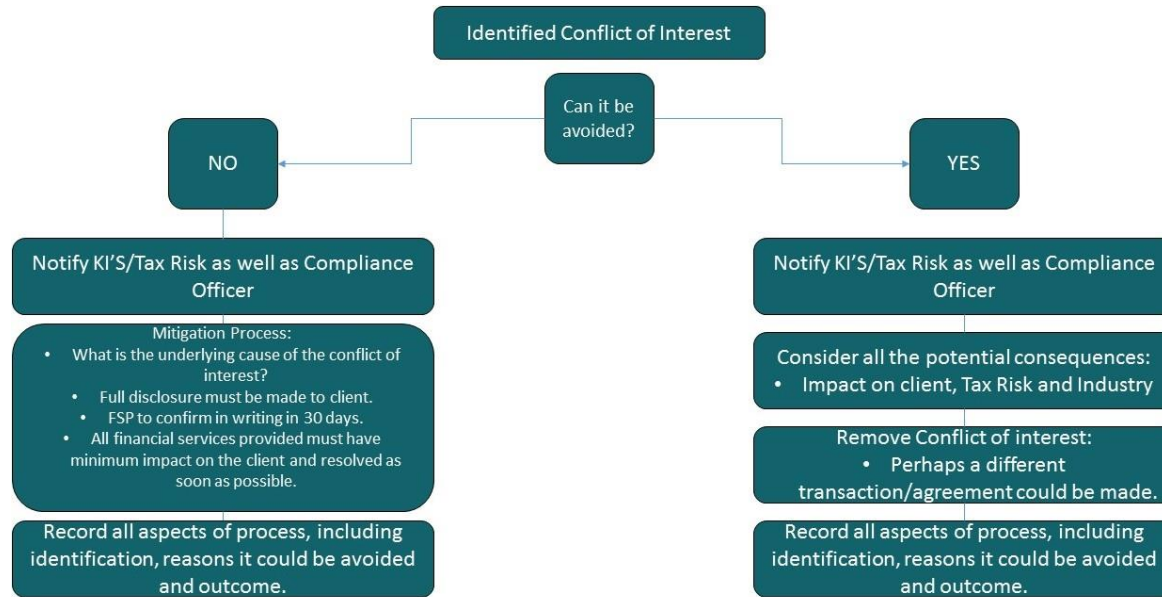
Key Individual/s will be required to ensure that the policy is implemented.

Training for all affected staff will be provided by the responsible Key Individual/s 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 Key Individual/s to ensure that appropriate procedures and processes are in place and effective to comply with the policy.

The Compliance Officer in consultation with responsible Key Individual/s will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.

Managing an actual conflict of interest



“Objective Performance”, “Unbiased and Fair” and Financial Interest”

The contextual meanings of the above mentioned terms are not found within the legislation but it is vital that Tax Risk and the employees of Tax Risk understand them.

Objective performance: implies a situation where financial services are rendered without the influence of unrelated feelings or opinions, allowing the financial service that is rendered to be in the best interest of the client.

Unbiased: implies financial services that do not lend itself to a particular preference towards a person or viewpoint, if an accompanying, reasonable justification for such preference cannot be found. All unbiased financial services should be easily motivated by logical reasons and explanations.

Fair Financial services: Imply a situation where the same conclusion or outcome is consistently reached given the same exact set of circumstances. Any unexpected inconsistencies towards a group of clients and/or a particular client must therefore again, have to be motivated by logical reasons and explanations.

Financial Interest: was explained in the “Definitions” section of this document, however there are specific outlines as to what financial interest is allowed and not allowed.

TRU may only receive or offer the following financial interest from or to a third party:

- **Commissions** as authorised under the Short-term Insurance Act.
- **Fees** as authorised under the Short-term Insurance Act, if those fees are reasonably offered for a service being rendered.
- **Fees** for the rendering of financial services in respect of which the above mentioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the 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** i.e. a financial interest with a determinable monetary value, of which doesn't exceed R1000 in any calendar year from the same third party in that calendar year received by- a provider who is a sole provider, or a representatives for that representatives direct benefit, or a provider who its 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.
- **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 provider or representative at the time of receipt thereof.

TRUM **MAY NOT** offer any financial interest to its Intermediaries for:

- Giving preference to the quantity of business secured for the provider for the exclusion of the quality of the service rendered to client.
- Giving preference to a specific product supplier, where a representative may recommend more than once product supplier to a client
- 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

Specifically, Tax Risk Intermediaries only qualify for the following type(s) of financial interests:

- Commissions
- An immaterial financial interest.

Gifts

- Gifts with a cumulative value of less than R1000 per Representative per annum are allowed
- Any gifts or gratuities over the value of R1 000 in the aggregate from any other person, including such person's associate as defined in Financial Services Board Notice 58 of 2010 may not be accepted by any person within the organization and neither may such gifts or incentives be given by any person in the Company, to any third party;
- No cash gifts may be accepted.
- The gifts will be recorded on the existing Cargill Gifts Register
- The gifts register shall be an electronic record and managed by the relevant KI. The gifts register shall be sent to the company's Compliance officer on quarterly basis for the purpose of determining whether any gifts or incentives exceeded the aggregate value of R1,000.00 (one thousand South African rand).

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.

Appendix A Conflicts Of Interest Register

Staff Conflict of Interest Questionnaire

This questionnaire is an integral part of the companies Conflict of Interest management policy, a copy of which forms part of the documents supplied to you upon employment. The questionnaire is completed upon employment and at least annually but it is expected that any changes that occur in your personal circumstances are disclosed to us as they occur or

Whilst our full policy contains all the required definitions the following have relevance for this questionnaire:

- Third party** Any product supplier (insurer), any other Financial Services Provider, any distribution channel (a company that provides assistance with the sale of insurance products to the
- Service Providers** The suppliers of services within the insurance business e.g. Panel beaters, assessors, contractors, security companies
- Supplier** The suppliers of services or goods to the **company** outside the insurance business e.g. stationary, IT, accounting
- Other employment** Any of the following relationships: Employer/Employee, Partnership, Owner, work for NGO's Section 21 companies or community associations
- Family** Spouse (legal, religious, civil union, life partner), Child (own/adopted/step), Parent (own/step and their spouses), Siblings (own, step), immediate next level of any of the former (Niece,
- Financial Interest**
 - (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;

NB: All answers given as Yes need to provide full details.
If there are any relationships that exist that you feel may not be covered by the above definitions or the questions then please provide this information.

1 Do you or any member of your family have any direct financial interest in any third party? Yes No

Details:

2 Do you or any member of your family have any direct financial interest in any Service provider? Yes No

Details:

3 Do you or any member of your family have any direct financial interest in any Supplier? Yes No

Details:

4 Are you or any member of your family employed by any Third party? Yes No

Details:

5 Are you or any member of your family employed by any Service Provider? Yes No

Details:

6 Are you or any member of your family employed by any Supplier? Yes No

Details:

7 Do you have any other employment? Yes No

Details:

8 Are you or any member of your family a director of any Third Party? Yes No

Details:

Tax Risk Underwriting Managers Process Framework

9 Are you or any member of your family a director of any Service Provider? Yes No

Details:

10 Are you or any member of your family a director of any Supplier? Yes No

Details:

11 Have you or any member of your family received any financial interest from any Third Party within the past 12 months? Yes No

Details:

12 Have you or any member of your family received any financial interest from any Service provider within the past 12 months? Yes No

Details:

13 Have you or any member of your family received any financial interest from any Supplier within the past 12 months? Yes No

Details:

Tax Risk Underwriting Managers Process Framework

14 Have you or any member of your family a current debtor - creditor relationship with any Third Party? Yes No

Details:

15 Have you or any member of your family a current debtor - creditor relationship with any Service provider? Yes No

Details:

16 Have you or any member of your family a current debtor - creditor relationship with any Supplier? Yes No

Details:

17 Do you have any relationship, including a financial one, with any member of management, any director/member, or other staff member of the company? Yes No

Details:

18 Any other information you deem relevant? Yes No

Details:

Declaration:

I have read and fully understand the Companies Conflict of Interest Management policy

I confirm that the information supplied is accurate and complete

I undertake to advise the company of any changes to the provided detail or any other situation that may arise that could potentially be seen as a conflict of interest

Name

Signature

Date

