



ABACUS LIFE LIMITED
and
ABACUS INSURANCE LIMITED
(hereinafter collectively referred to as
“ABACUS”).

FAIS
CONFLICT OF INTEREST MANAGEMENT POLICY

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1. DOCUMENT INFORMATION AND HISTORY

1.1 Document information

Document owner	The Board of Directors
Document custodian	Chief Risk Officer
Author/Reviewer	Abacus
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1.2 Document draft history

Date	Version	Status	Reviewers	Action/Comment
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1.3 Document review history

Date	Version	Status	Reviewers	Action/Comment

1.4 Change Mechanism

- 1.4.1 Any requirement for change or clarification should be addressed to the Chief Risk Officer, as defined in this policy, who will log the issue in the Issue Log.
- 1.4.2 The Chief Risk Officer shall maintain the Issues Log discussed in paragraph 1.4.1.
- 1.4.3 Issues must be collated via the Issues Log until the regular policy review date, at which point all identified issues with respect to this policy must be considered and addressed as part of the policy review and update process.
- 1.4.4 Urgent issues must be addressed as soon as possible and where necessary passed via the normal governance process for acceptance before being communicated. This shall be at the discretion of the Chief Risk Officer.

2. OVERVIEW

2.1 Purpose

2.1.1 The objective of the FAIS Conflict of Interest Policy is to ensure compliance to the FAIS General Code of Conduct and to ensure sound business principles are applied when dealing with customers and other Financial Services Providers.

2.2 Related Documents

2.2.1 This Policy will be applied in conjunction with the following policies and relevant codes:

Policy Name	Relationship
Code of Conduct	Referenced

2.3 Legislative Framework

2.3.1 Abacus must adhere to certain regulatory requirements of the Financial Services Board (“FSB”):

2.3.1.1 Financial Advisory and Intermediary Services Act, No.37 of 2002;

2.3.1.2 FAIS General Code of Conduct; and

2.3.1.3 Any other applicable legislation.

2.4 Policy Governance

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

Responsibility	Structure	Interest, Duties and Responsibilities
Ownership	Board of Directors	The Board is responsible for policy ownership.
Approval	Board of Directors	The Board is responsible for prior approval of this policy and any subsequent amendments thereto.
Review	Board of Directors, Managing Executives	It is the responsibility of the Board and Managing Executives, to review this policy on at least an annual basis. Where appropriate, the policy must be adapted in view of any significant changes in the risk management system, or applicable legislation.
Supervision	Board of Directors	The Board is ultimately responsible for the application and requirements of this Policy but delegates some functions to the Risk Committee (“RC”),
	Audit Committee	The Audit Committee is responsible for the governance

		of the assessment of compliance with this Policy
	Risk Committee (RC)	The RC is responsible for assigning and monitoring remediation of any non-compliance or other findings by the Audit Committee.
Operational Implementation	The Executive Committee (“EXCO”)	EXCO are responsible for operational implementation of the policy. EXCO are responsible for understanding the principles of this policy and ensuring adequate information is made available to them to ensure they are confident that Abacus governance activities are being managed in-line with the requirements as set out by this policy.

2.4.2 In the event of a breach of this Policy, the Chief Risk Officer should be notified immediately. The Chief Risk Officer must then escalate the notified breach appropriately. Issues will be escalated to EXCO or CEO. After consultation with the CEO/EXCO, significant issues will further be brought to the attention of the RC.

2.5 Terminology and Definitions

2.5.1 Please refer to the Abacus Business Glossary.

3. INTRODUCTION

Management of Abacus sees the company as a firm of expert practitioners operating in short-term and long-term insurance as a professional company. Therefore the company’s actions must be open to scrutiny by clients, potential clients and in some cases members of the public.

Consequently, there has to exist a duty of loyalty and fidelity by management and staff who have the responsibility of administering the company’s affairs honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of clients. Those persons must exercise the utmost good faith in all transactions involved in their duties, and they must not use their positions within the company or knowledge gained therefrom for their personal benefit.

The interest of the company, shareholders and its clients must be the first priority in all decisions and actions.

4. PERSONS CONCERNED

For the purpose of this document, the term employee includes directors, managers and all permanent staff as well as contract staff who can influence the actions of others. For example, in addition to those of our staff that have direct dealings with clients and recommend financial service products to them, this would include all who make purchasing decisions and anyone who has proprietary information concerning a client.

5. DEFINITIONS

5.1 “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- • had such first-mentioned juristic person been a company; or

- 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;
 - (iv) 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.
- 5.2. **“COI”** means Conflict of Interest.
- 5.3. **“Conflict of Interest”** means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client:-
- (a) influence the objective performance of their obligations towards such client; or
 - (b) prevent a person 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 –
 - (i) a financial interest;
 - (ii) an ownership interest;
 - (iii) any relationship with a third party.
- 5.4. **“Employee”**, for the purpose of this policy, will include:
- (a) All directors and full-time employees of any associate of Abacus;
 - (b) All temporary contracted employees;
 - (c) All employed representatives including independent financial advisors and tied agents.
- 5.5. **“Exco”** means the Abacus Executive Committee.
- 5.6. **“FAIS”** means the Financial Advisory and Intermediary Services Act, No. 37 of 2002.
- 5.7. **“Fair Value”** means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973)).

- 5.8. **“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.
- 5.9. **“Financial Service”** means any service contemplated in paragraph (a), (b) or (c) of the definition of ‘financial services provider’, including any category of such services.
- 5.10. **“FSB”** means the Financial Services Board.
- 5.11. **“Financial Services Provider”** means any person, other than a representative, who as a regular feature of the business of such person –
- (a) furnishes advice; or
 - (b) furnishes advice and renders any intermediary service; or
 - (c) renders an intermediary service
- 5.12. **“FSP”** means a Financial Services Provider.
- 5.13. **“Immaterial Financial Interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by –
- (a) 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;
- 5.14. **“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 an 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.
- 5.15. **“Provider”** means an authorised FSP registered as such with the FSB.
- 5.16. **“Representative”** 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-
- does not require judgment on the part of the latter person; or
 - does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.
- 5.17. **“Third party”** means –
- (a) a product supplier;
 - (b) another provider;
 - (c) an associate of a product supplier or a provider;
 - (d) a distribution channel;
 - (e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.
- 5.18. **“Treating Customers Fairly” (“TCF”)** means the overarching program initiated by the Regulator of Financial Services Providers (and the Outcomes defined in terms thereof).

6. IDENTIFICATION OF CONFLICT OF INTEREST

6.1. Areas in Which Conflicts May Arise

Conflicts of interest may arise in the relations of employees with any of the following third parties and any company with which our company and/or our employees have an association, by shareholding or any other interest including:

- a) Persons and firms supplying goods and services to the company.
- b) Persons and firms from whom the company leases property and equipment.
- c) Competing companies.
- d) Agencies, organizations and associations including insurers, underwriting managers, administrators and other brokers with whom the company transacts business.

e) Family members, friends, and other employees.

Conflicts of interest may also arise in the method by which we remunerate our staff, particularly if we provide incentives to our representatives for the quantity of business secured without appropriate quality assurance mechanisms in place.

6.2. Nature of Conflicting Interest

In regard to those employees that provide advice and or intermediary services to clients, the definition of a conflict of interest includes:

“Any situation in which our company or a representative of our company 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 our company or our representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.”

6.3. In Respect Of All Employees, Possible Conflicts Include

- a) An employee owning shares or holding debt or other proprietary interests in any third party or associated company.
- b) Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party or associated company.
- c) An employee receiving remuneration of any type whether commission or otherwise for services from another person or company.
- d) An employee using our company’s time, personnel, equipment, supplies, or goodwill for purposes other than approved activities, programs, and purposes.
- e) An employee receiving gifts for birthdays and other special occasions.
- f) An employee receiving money, vouchers, or anything that can be converted to money from any other person or company for ‘selling’ specific services or products whether in pursuance of the employee’s or otherwise.
- g) An employee being invited to lunches/dinners/shows and other entertainment events.
- h) An employee receiving or accepting special travel or holiday facilities at discounted prices or as an award for providing leads or business to another company.
- i) An employee providing leads to businesses owned by family and friends, whether for reward or otherwise.

- j) An employee distributing products and/or services, provided by businesses owned by family and friends for reward or otherwise.
- k) Any activity involving clients by which family and friends can financially benefit.
- l) An employee receiving personal gifts or loans from any other companies or persons dealing or competing with our company.

Receipt of any gift is disallowed except gifts of a value less than R200 which could not be refused without discourtesy and such gifts may cumulatively not exceed R1000 in any one calendar year. Receipt of any gift above R200 must be declared. No gift of money/ cash is allowed under any circumstances.

6.4. In Respect of Our Company as a Provider, Possible Conflicts are

- a) Our own company owning shares or holding debt or other proprietary interests in any third party or associated company.
- b) A third party company owning shares in our company.
- c) Our company earning receiving more than the regulated commission whether arising from additional services provided to the client or the supplier or otherwise.
- d) Our company making payment to another FSP or third party which enables them to earn more than the regulated commission.

6.5. Interpretation

The areas of conflicting interest listing above and the relations in those areas which may give rise to conflicts are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that employees will recognize such areas and relation by analogy.

The fact that one of the interests described above exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the company's interests or interests of clients.

However, it is the policy of the company that the existence of any of the interests described above shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the employees to scrutinize their transactions and

outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Similarly it is the responsibility of all employees to identify and report possible conflicts of interest that may emanate from the working relationship that this company has with any of its associates or other business partners, whether there is a financial interest or otherwise.

7. DISCLOSURE TO CLIENTS

We will disclose all conflicts of interest and potential conflicts of interest to our clients in at least one of the following ways:

- 7.1. By declaring them verbally at the point of sale.
- 7.2. By declaring them in writing as soon as practicable possible following a sale.

In selecting one or both of the above, we will take into account the type of conflict and the impact it might have on the client's decision to purchase our products/services or not.

8. AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST

- 8.1. Abacus and associates must adopt appropriate structures and procedures to give effect to this policy. The Exco must adopt clearly defined documented business specific rules that ensure compliance with this policy;
- 8.2. The Chief Executive must appoint a person to establish, and reduce to writing, a process to provide for the management of conflicts of interest as foreseen in this policy. The process should provide for the appointment of a person or persons to be responsible for such pre-clearance or recording.
- 8.3. Disclosures in respect of conflicts of interest must be disclosed and recorded at business level in a manner prescribed by the business. The onus is on the individuals subject to this policy to ensure that proper disclosure is made in respect of the conflict of interest; All employees are required to complete an annual conflict of interest declaration and submit to the Chief Risk Officer.
- 8.4. All employees are responsible for identifying specific instances of conflict and are required to notify their Compliance Officer of any conflicts they become aware of. The

- Compliance Officer will escalate the conflict to the Chief Executive with a recommendation as to how the conflict should be managed (if it cannot be avoided);
- 8.5. Detailed documented measures to identify, avoid, mitigate and disclose conflicts of interest must be formulated and implemented and shall provide for the following:
- a) A mechanism for the identification of conflicts of interest;
 - b) The implementation of measures to avoid conflicts of interest and where avoidance is not possible, cogent reasons should be provided therefore together with the measures taken to mitigate such conflict of interest;
 - c) A process to enable the disclosure and recording of all actual or potential conflicts of interest identified as well as their resolution, including expenses relating to immaterial financial interests;
 - d) The creation of a central business register for the recording of conflicts of interest, including the persons involved and the controls implemented;
 - e) The manner in which each disclosed conflict will be assessed, including whether the conflict is actual or potential, what the value of the conflict or exposure is and the potential reputational risk;
 - f) Implement measures to ensure continuous monitoring of compliance;
 - g) Where monitoring has identified non-compliance with either the Conflict of Interest COI policy, the compliance risk should be assessed and escalated to the Chief Executive with a recommendation as to the measures that will be taken to mitigate the compliance risk;
 - h) Specific instances of conflict may require management intervention in addition to the documented controls already in place. This can include escalation to the Chief Executive for a decision on how the conflict should be managed, for example, disclose to the client, or decline to act.
- 8.6. Disciplinary procedures must provide for the investigation of any potential breach of this policy by employees and determine appropriate sanctions for actual breaches;
- 8.7. Employment contracts must be amended where required to provide for appropriate sanctions in the event of a failure to avoid or manage the risk of a conflict of interest;
- 8.8. If employees are of the view that their own conduct has caused this policy to be breached, they should inform their manager at the earliest available opportunity after they have become aware of the breach. Management should report this breach to the compliance department for further investigation;

8.9. When employees reasonably suspect that a co-worker or contractor is in breach of this policy, they should report it as soon as possible and in the strictest of confidence, to their line manager or compliance department for further investigation.

9. TRAINING AND AWARENESS

9.1. Abacus will implement appropriate training and awareness interventions for all employees at least once per annum.

9.2. All newly recruited employees will attend a training session during their induction program.

9.3. The Human Resources department will co-ordinate and facilitate training interventions.

9.4. Training and training materials provided to representatives must include a reference to, and information on the content and application of this policy.

10. CONSEQUENCES OF NON-COMPLIANCE

10.1. The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act is an amount of up to R1 million or a period of imprisonment for up to 10 years.

10.2. The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.

10.3. The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.

10.4. Employees' failure to provide disclosures will be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of the disciplinary procedures of the company.

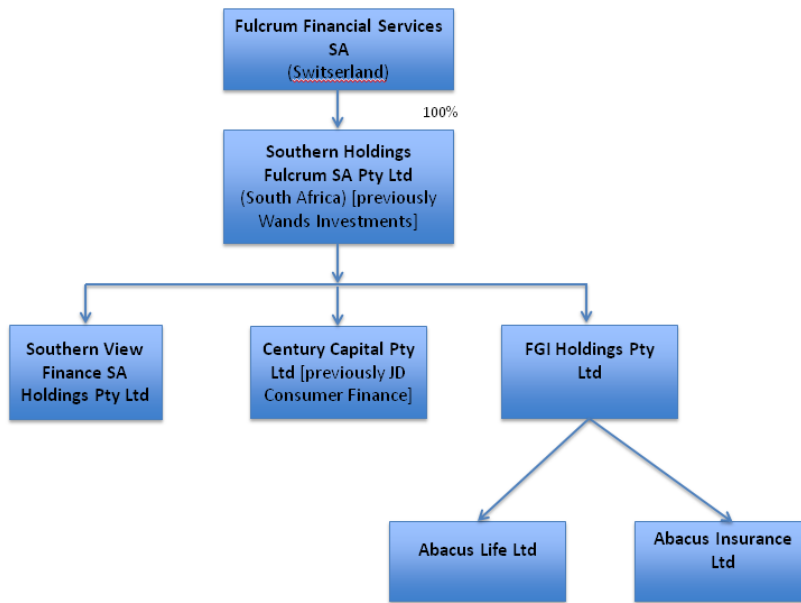
10.5. Certain transgressions of this policy may result in civil or criminal prosecution.

10.6. All potential transgressions of this policy must be investigated fairly and objectively and be reported by the compliance department to the Chief Executive for a decision.

11. ACCESSIBILITY OF POLICY

This policy document will be made available on the Abacus share drive as well as the Abacus website to ensure that it is easily accessible by employees, clients and third parties at all reasonable times.

12. ASSOCIATE COMPANIES AND/ OR RELATIONSHIPS



13. TRANSACTIONS WITH ASSOCIATED COMPANIES

Transactions with parties with whom a potential or actual conflict of interest exists may be undertaken only if all of the following are observed:

- a) The conflict of interest has been identified and attempts to avoid it have not been successful.
- b) The conflict of interest has been mitigated as far as possible.
- c) The conflict of interest is fully disclosed to clients where appropriate.
- d) An employee with the conflict of interest is excluded from the discussion and approval of such transaction is provided by the Chief Executive.
- e) A competitive quotation, bid or comparable valuation exists and has been properly evaluated and where involving a client has been properly explained.
- f) The Chief Executive has determined that the transaction is in the best interest of the company and its clients.

If there is any doubt, reference should be made to the Chief Executive who shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable.

14. REVISION

This policy document will be reviewed on an annual basis and any additions will be submitted by the Compliance Officer, to Exco and the Board for approval.

Chairperson of the Board

Chief Executive Officer

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FA Patrizi

May 2017

R Griessel

May 2017

* This revised policy was approved at the Risk Committee meeting on 15 June 2017, point 14 Governance matters