Conflict of Interest Policy for Financial Services Provider (FSP)
S and S Insurance Brokers (Pty) Ltd, FSP Number 51433

1. Introduction

In terms of section 3A(2) of the General Code of Conduct for Authorised Financial Services Providers and Representatives (General Code), Board Notice 80 of 2003, subordinate legislation to the Financial Advisory and Intermediaries Services (FAIS) Act, 37 of 2002 as well as Amendment to the General Code of Conduct for Authorised Financial Services Providers, 2003 and the Specific Code of Conduct for Authorised Financial Services Providers and Representatives conducting Short-Term Deposit Business, 2004, S and S Insurance Brokers (Pty) Ltd is required to maintain and operate an effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest in respect of their clients.

2. Purpose

This policy outlines the approach of S and S Insurance Brokers (Pty) Ltd ("the FSP") to identify, manage, and disclose conflicts of interest in the rendering of financial services, ensuring compliance with the FAIS Act and FSCA requirements.

3. Scope

This policy applies to all representatives, key individuals, employees, and associates of the FSP, as well as third parties who may give rise to conflicts of interest in relation to the FSP's business.

S and S Insurance Brokers (Pty) Ltd is a category I authorised financial services provider, providing to its clients a financial service which includes advice and/or intermediary services in respect of the following approved products: -

No.	Category Description	Advice	Intermediary Service
1.1	Long-Term Insurance Category A	X	X

1.2	Short-Term Insurance Personal Lines	X	X
1.23	Short-Term Insurance Personal Lines A1	X	X
1.3	Long-Term Insurance Category B	X	X
1.22	Long-Term Insurance Category B1-A	X	X
1.20	Long-Term Insurance Category B2	X	X
1.21	Long-Term Insurance Category B2-A	X	X
1.4	Long-Term Insurance Category C	X	X
1.5	Retail Pension Benefits	X	X
1.6	Short-Term Insurance Commercial Lines	X	X
1.7	Pension Fund Benefits	X	X
1.10	Debentures & Securitised Debt	X	X
1.14	Participatory interest in a collective investment scheme	X	X
1.16	Health Service Benefits	X	X
1.17	Long-Term Deposits	X	X
1.18	Short-Term Deposits	X	X
1.27	Crypto Assets	X	X

The nature of the above financial services provided by S and S Insurance Brokers (Pty) Ltd potentially exposes this FSP to conflicts of interests in respect of its clients and hence this Conflict-of-Interest Policy has been put in place to: -

- identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our client's interests;
- establish appropriate structures and systems to minimise and manage those conflicts; and
- maintain systems in order to prevent damage to our clients' interests through identified conflicts of interest.

The actual or potential existence of a conflict of interest may, in itself, not be a wrongdoing or undesirable practice. It is, however, imperative to properly disclose the nature and monetary value, if determinable, of such conflict to a client. Such disclosure can be made prior to the rendering of financial services or in the record of advice and should preferably be recorded in a register kept by the provider. Full disclosure allows a potential client to decide whether, in the client's view, a conflict situation may indeed be biasing advice, and the client will therefore be better equipped to assess whether the advice given is being unduly influenced.

4. Legal Framework

- Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002)
- General Code of Conduct for Authorised FSPs and Representatives (BN 80 of 2003, as amended)
- FAIS Notice 58 of 2010 (Conflict of Interest)
- FSCA Guidance Note on Conflict-of-Interest Management

5. Definition of a Conflict of Interest

A Conflict of Interest is defined in section 1(1) of the General Code and subordinate legislation to the FAIS Act, 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 interests of that client,

Including but not limited to: -

(i) a financial interest;

(ii) an ownership interest,

(iii) any relationship with a third party

A conflict of interest means any situation where a financial or other interest may influence, or appear to influence, the objective performance of a representative's obligations to a client.

A conflict of interest involves the actual, apparent or potential abuse of the trust that people have in professionals. The simplest working definition states: 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 the likelihood.

S and S Insurance Brokers (Pty) Ltd has put in place a policy to safeguard its clients' interests and also ensure a fair treatment of its clients' which policy is available on request from the FSP, Compliance Officer and Key Individual who is responsible to monitor and manage conflict of interest on behalf of the FSP.

6. Key Definitions

6.1. An Associate:

in the case of a company, as "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."

6.2. A financial interest is any: -

cash, cash equivalent, vouchers, gifts, service, advantage, benefit, discount, foreign or domestic travel, hospitality, accommodation, sponsorship or any other incentive or valuable consideration;

other than

a) an ownership interest or

b) training on:
   (i) products and legal matters related to the products,
   (ii) general financial and industry information,
   (iii) specialised technological systems of a third party required for the rendering of a financial service (excluding costs of training and accommodation associated with the training).

c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity (BBBEE- e.g., Learnerships)

6.3. An immaterial financial interest

as 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 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;

6.4. Ownership interest is:

(a) any equity or proprietary interest for which fair value was paid by the owner at time of acquisition (other than equity or proprietary interest held as a nominee)'

(b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

6.5. A third party

is a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person acting in terms of an agreement or arrangement with any of the above, provides a financial interest to a provider or its representatives.

7. Policy Principles

- The FSP and its representatives must place clients' interests above their own.
- Conflicts must be avoided, or where unavoidable, disclosed and mitigated.
- Representatives may not receive or offer any prohibited financial interests.
- All ownership and financial interests must be recorded and disclosed.
- All staff must undergo training on managing conflicts of interest.

8. Specific Duties of a Provider in terms of the General Code of Conduct

Section 3(1)(b) stipulates that –

"A provider and a representative must avoid and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and a client;"

Section 3(1)(c) stipulates that –

"A provider or a representative must, in writing, at the earliest reasonable opportunity

(i) disclose to a client any conflict of interest in respect of that client, including –

(aa) the measures taken, in accordance with the conflict of interest management policy of the provider referred to in subsection 3A(2), to avoid or mitigate the conflict;

(bb) any ownership interest or financial interest, other than an immaterial financial interest, that the provider or representative maybe or become eligible for;

(cc) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; and

(ii) inform a client of the conflict-of-interest management policy referred to in section 3A(2) and how it may be accessed.

Section 3(1)(d) stipulates that –

"the service must be rendered in accordance with the contractual relationship …… and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider."

Section 3(1)(e) stipulates that –

Non-cash incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person to the provider could be viewed as a potential conflict of interest.

Section 3(1)(h) stipulates that –

"the provider must not deal in any financial product, for own benefit, account, or interest where the dealing is based upon advanced knowledge…. which would be expected to affect the prices of such product."

Section 3(5) stipulates that –

A provider may not describe itself or the financial services it renders, as being "independent" if-

a) the provider or its associate is a significant owner of any product supplier or its associate in respect of whose products the provider renders financial services;
b) any product supplier in respect of whose products the provider renders financial services, or an associate of such product supplier, is a significant owner of the provider or its associate; or

c) the provider directly or indirectly receives, or is eligible for, any financial interest from a product supplier in respect of whose products the provider renders financial services, other than a financial service referred to in S3A(1)(a)(i), (ii), (iv) or (vii);

d) any other relationship exists between the provider and any product supplier in respect of whose products the provider renders financial services, which gives rise to a material conflict of interest.

Section 3A stipulates that-

(1)(a) A provider or its representatives may only receive or offer the following financial interest from or to a third party -

i) commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998);

ii) commission authorised under the Medical Schemes Act, 1998 (Act No. 131 of 1998);

iii) fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998), the Short-term Insurance Act, 1998 (Act No. 53 of 1998) or the Medical Schemes Act, 1998 (Act No. 131 of 1998), if those fees are reasonably commensurate to a service being rendered;

iv) fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph (i), (ii) or (iii) is not paid, if those fees -

(aa) are specifically agreed to by a client in writing; and

(bb) may be stopped at the discretion of that client;

v) 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;

vi) subject to any other law, an immaterial financial interest; and

vii) a financial interest, not referred to under subparagraph (i) to (vi), 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.

1(b) A provider may not offer any financial interest to a representative of that provider for –

i) giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or

ii) giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

iii) for 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.

(1)(b)(A) for the purposes of subsection (1)(b)(i) a provider must be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to: -

i) achievement of minimum service level standards in respect of clients;

ii) delivery of fair outcomes for clients;

iii) quality of the representative's compliance with this 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.

(1)(c) For the purposes of this section, where the same legal entity is a product supplier and a provider, paragraph (a) does not apply to the representatives of that entity. That entity is subject to section 3A(1)(b) and 3A(1)(bat) in respect of its representatives.

1(d) A provider or its representative may only receive or offer financial interests referred to in subsections (a)(iii)(iv) and (v) if: -

i) those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;

ii) the payment of those financial interests does not result in the provider or representative being remunerated more than once for performing a similar service;

iii) any actual or potential conflicts between the interests of the client and the interests of the person receiving the financial interests are effectively mitigated; and

iv) the payment of those financial interests does not impede the delivery of fair outcomes to clients.

Section 7(1)(c)(vi) stipulates that –

"…. a provider must …. in particular, at the earliest reasonable opportunity, provide, where applicable, full, and appropriate information of the following:

the nature, extent and frequency of any incentive, remuneration, consideration …. which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the client, or for which the provider may become eligible, as a result of rendering of the financial service …."

Other duties–

The General Code of Conduct also prescribes that you should disclose to a client the fact that you hold 10% or more shares in a product supplier and whether you received more than 30% of your remuneration from one product supplier over a 12-month period.

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain, and implement a conflict-of-interest management policy that complies with the provisions of the Act.

A provider must thus have a documented policy on conflict of interest stipulating the objectives and processes in managing conflict of interest. All providers, key individuals, representatives, associates, and administrative personnel should commit to such policy, and the processes should be monitored on an ongoing basis.

The provider should keep and maintain a register in which all actual or potential conflicts are recorded.

9. Identification of Conflicts

Conflicts of interest may arise when the FSP or its representatives have financial or ownership interests in product suppliers, receive gifts or incentives, or stand to gain from specific product recommendations. Situations involving family members or sales-based bonuses may also create conflicts.

S and S Insurance Brokers (Pty) Ltd strives toward ensuring it is able to appropriately and effectively identify and manage potential conflicts through avoidance, establishing confidentiality barriers and providing appropriate disclosure of the conflict to affected clients.

S and S Insurance Brokers (Pty) Ltd identifies a conflict of interest where there is a material risk of damage to a client, taking into account whether the FSP, or a representative or employee of the FSP: -

- is likely to make a financial gain, or avoid a financial loss at the expense of the client;
- has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a 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;
- 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.

Our policy defines possible conflicts of interests as: -

- conflicts of interests between S and S Insurance Brokers (Pty) Ltd and the client;
- conflicts of interests between our clients if we are acting for different clients and their different interests' conflict materially;
- conflicts of interests where product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;

- holding confidential information on clients, which if disclosed or used, would affect the advice or services provided to clients.

10. Management of Conflicts

S and S Insurance Brokers (Pty) Ltd will avoid conflicts where possible, disclose unavoidable ones, and take steps to mitigate their impact. The FSP prohibits financial interests exceeding permissible limits and maintains a Conflict of Interest Register to record and monitor potential issues.

Section 3A of the General Code of Conduct for Authorised Financial Services Providers and Representatives, Board Notice 80 of 2003 and subordinate legislation to the Financial Services and Intermediaries Services Act, 37 of 2002 deals specifically with financial interest and conflict of interest management policy.
S and S Insurance Brokers (Pty) Ltd focuses on the following monetary measures: -

- only receiving commission authorised in terms of applicable legislation; or
- fees authorised in terms of applicable legislation or fees or remuneration for services rendered to a third party which fees are reasonably commensurate in relation to the service rendered; or
- fees for the rendering of a service in respect of which neither commission or fees as mentioned above are paid, with these fees being specifically agreed to by the client in writing and may be stopped at the discretion of the client; or
- a limited immaterial financial interest as defined; or
- a financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the provider or representative at time of receipt thereof.

Furthermore, where fees are charged, care will be taken to ensure that:

(i) they are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;

(ii) the payment of those fees does not result in the FSP, or representative being remunerated more than once for performing a similar service;

(iii) any actual or potential conflicts between the interests of the client and the interests of the person receiving the fees will be effectively mitigated; and

(iv) the payment of the fees does not impede the delivery of fair outcomes to clients.

S and S Insurance Brokers (Pty) Ltd will not offer any financial interest to a representative for: -

- giving preference to the quantity of business secured for the provider to the exclusion of quality;
- giving preference to a specific product supplier where more than one supplier can be recommended to a client;
- giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

The determination of and entitlement to any financial interest of a representative will take into account measurable indicators relating to: -

(i) achievement of minimum service level standards in respect of clients;

(ii) delivery of fair outcomes for clients; and

(iii) the Quality of the representative's compliance with the Act;

as monitored by the Key Individual on a regular basis by the random sampling of client files, and the completion of annual performance appraisals and progress assessments.

S and S Insurance Brokers (Pty) Ltd must ensure that we act impartially in respect of the identification of each conflict of interest to avoid material risk of harming client's interests and to this end the following measures have been adopted: -

- **Procedures**

  We have adopted appropriate procedures throughout our business to manage potential conflict of interest: -

  (i) Our representatives, associates and employees receive training to

ensure understanding and adoption of conflict-of-interest policy and management measures;

(ii) We monitor which product suppliers each representative quotes and places business with; suitability of product to clients' needs and objectives; comparison of products and product suppliers;

(iii) where we hold a short-term insurance binder or provide white label funds or manage our own Category II funds, we ensure that clients are aware of our connection with the product in question and that the reasoning and motivation behind recommending or using these products is well documented;

(iv) we conduct regular inspections on all commissions, remuneration, fees and financial interests proposed or received, in order to avoid non-compliance;

(v) we maintain a register of conflicts of interest.

- **Confidentiality barriers**

  Our representatives, associates and employees respect the confidentiality of client information and disclose or us it with circumspect. No such information may be disclosed to a third party without the client's written consent. We have a confidentiality clause in our Disclosure Letter and client confidentiality is covered in our POPI Policy.

- **Monitoring**

  Joe Smit, the key Individual is in charge of supervision and together with Carl Hartmann, the Compliance Officer, will provide regular feedback on any related matters. This policy will be reviewed as and when necessary.

- **Disclosure**

  Where there is no other way of managing a conflict or where the measures adopted do not sufficiently protect the clients' interests, the conflict must be disclosed to allow the client to make any informed decision on whether to continue using our services in the particular situation. In all cases where

appropriate and where determinable, the monetary value of all non-cash inducements will be disclosed to clients.

- **Publication**
  We will publish our conflict-of-interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

- **Report**
  Joe Smit, the key individual and Carl Hartmann, the compliance officer will, if required, include a report on the conflict-of-interest management policy in the annual compliance report to the Registrar.

- **Declining to act**
  We may decline to act for a client in cases where we believe a conflict of interest cannot be managed or minimised in any other way.

11. Permissible Financial Interests

- Only the following are permitted:
- Commission or fees as allowed under the Long-term or Short-term Insurance Acts.
- Client-authorised fees in writing.
- Immaterial financial interests (≤ R1 000 per third party per year).
- Ownership interests disclosed in the register.
- Training and educational benefits that meet FAIS requirements.

12. Disclosure Requirements

- The FSP must disclose to clients, in writing and before rendering a financial service:
- Any actual or potential conflicts of interest.
- Ownership or financial interests in product suppliers.
- The nature of any incentive or relationship that could influence advice.

13. Gifts, Hospitality, and Immaterial Benefits

All gifts or benefits must be declared in the Gifts Register. The total annual value per product supplier may not exceed R1 000 per representative. No cash gifts are permitted, and travel or hospitality that may influence advice must be declined.

14. Application of this Conflict-of-Interest Policy

S and S Insurance Brokers (Pty) Ltd: -

- has created an awareness, understanding and knowledge of the Conflict of Interests principles as dealt with in the General Code of Conduct for Authorised Financial Services Providers and Representatives, Board Notice 80 of 2003 and subordinate legislation to the Financial Services and Intermediaries Services Act, 37 of 2002 through training and educational material with such training being recorded;
- has ensured an adoption of this conflict-of-interest policy and management measures by all employees, representatives, and associates;
- does regular inspections on all commissions, remuneration, fees, and financial interests proposed or received in order to avoid non-compliance;
- keep a register of conflicts of interests and gifts/non-cash incentives or immaterial interests;
- keep a register of premature cancellations;
- keep a register of associates;
- keep a register of third parties with an interest in S and S Insurance Brokers (Pty) Ltd or a third party in whom S and S Insurance Brokers (Pty) Ltd holds an ownership interest.

15. Non-Compliance and Disciplinary Action

Due to the stringent reporting requirements, all applicable penalties including fines and suspension of the financial services provider's licence may be applied for non-compliance.

S and S Insurance Brokers (Pty) Ltd regards breach of this Conflict of Interest as a material breach of any employment or mandated contract the consequences of which will be a disciplinary enquiry which could result in a written warning, dismissal

and/or debarment due to staff no longer being fit and proper due to honesty and integrity being placed in question.

A further consequence may FSCA enforcement which can be in the form of punitive sanctions imposed on the FSP.

17. Monitoring and Review

The Compliance Officer monitors compliance with this policy, which is reviewed annually or following any legislative amendments.

Annexure A – Declaration of Interests (Template)

Representative Name	Product Supplier / Third Party	Nature of Interest	Value	Date Declared	Mitigation / Action