

1. Purpose of the policy

In terms of the General Code of Conduct for Authorised Financial Services Providers ("the Code") and Representatives (as amended) which was promulgated in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002, Financial Services Providers ("FSPs") must take all necessary steps to eliminate any practices and/or services that may create a conflict between their interests and the interests of an existing or potential client.

2. What is a conflict of interest?

A conflict of interest may occur when a FSP, when rendering a financial service to a client:

- does not act objectively,
- does not render an unbiased or fair service, or
- does not act in the client's interest

This may happen when the FSP has an actual or potential financial or ownership interest in the client's affairs or has a relationship with a third party or product supplier.

The legislative definition of a **financial interest** includes 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, or
- (b) Training by a product supplier on products, general financial and industry information and technological systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training.

Where the amount of this interest does not exceed R1000 in aggregate to the FSP, including all its representatives and key individuals, it is considered an immaterial financial interest.

Ownership interest includes:

- (a) Any equity or proprietary interest for which a fair value was paid on acquisition, other than such an interest held by an approved nominee on behalf of another person
- (b) Any dividend, profit share or similar benefit derived from that equity or ownership interest

A **Third Party** is defined as:

- (a) A product supplier
- (b) Another provider
- (c) An associate of a product supplier or an FSP
- (d) A distribution channel, or
- (e) Any person who, in terms of an agreement or arrangement with a person referred to in paragraphs 9(a) to (d) above, provides a financial interest to an FSP or its representatives.

3. FMI's conflict of interest declaration

FMI is the trading name of Bidvest Life Ltd, a licensed Life Insurance Company and authorised Financial Services Provider (FSP 47801). FMI offers products underwritten by Guardrisk Life Ltd and Bidvest Life Ltd.

In accordance with section 3A(1)(a) of the Code, FMI confirms that both they and their representatives will only offer or receive financial interest to or from a third party in the form of:

- (i) Commission authorised under the Long-Term Insurance Act, 52 of 1998 or the Short-Term Insurance Act, 53 of 1998;
- (ii) Commission authorised under the Medical Schemes Act, 131 of 1998;
- (iii) Fees authorised under the Long-term Insurance Act, 52 of 1998, the Short-Term Insurance Act, 53 of 1998, or the Medical Schemes Act, 131 of 1998, if such fees are reasonably commensurate to the service being rendered;
- (iv) Fees for the rendering of a financial service in respect of which commission referred to in (i) to (iii) above is not paid, if such fees are specifically agreed to by a client in writing and may be stopped at the client's discretion;
- (v) Fees or remuneration for the rendering of a service to a third party, which fees 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 in paragraphs (i) to (vi) above, for which a consideration, fair value or remuneration that is reasonable and commensurate to the value of the financial interest is paid by FMI or its representative at the time of receipt thereof.

In accordance with section 3A(1)(b) of the Code FMI confirm that it will not offer any financial interest to its key individuals or representatives for:

- (i) Giving preference to the quantity of business secured for FMI 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) 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.

4. Identification and management of conflicts of interest

To ensure compliance with conflict of interest requirements, FMI have established the following internal procedures:

- (a) All key individuals, representatives, employees and contractors are required to sign a declaration every year declaring any conflicts of interest and confirming that they are aware of the duty to try and avoid a conflict of interest but to report any existing or potential conflict of interest in order that any risk can be identified and mitigated.
- (b) Training on this policy is provided to new staff as part of the induction programme and a refresher is conducted at least annually.
- (c) The Compliance Officer reports any conflicts of interest in the annual compliance report which is submitted to the Financial Sector Conduct Authority.
- (d) Any avoidance, limitation or circumvention of this policy (for example through an associate) will be deemed to be non-compliance.
- (e) Any key individual, representative, employee or contractor is required to report any potential or actual conflict of interest as soon as is reasonably possible after becoming aware of such potential or actual conflict of interest. This report must be made in writing to the Compliance Officer.
- (f) Non-compliance with this policy may result in disciplinary action and debarment or dismissal (as applicable).
- (g) In the event that FMI identifies a material conflict of interest it shall immediately notify affected clients thereof in writing and advise them of the nature and extent of the conflict of interest as well as any possible steps that may be taken to mitigate the conflict, and, where applicable, afford the affected client/s the opportunity of reviewing their decision to use or continue to use FMI's services. In addition to this, FMI shall take steps to avoid or mitigate such conflict of interest.

5. Accountability and responsibility

The CEO is responsible for implementation and compliance with this policy by FMI. He is assisted in this regard by the applicable Heads of Control Functions, Executive Management, Management and Compliance Officer.

6. Sign-on bonus

FMI will not engage in the practice of offering sign-on bonuses as part of its recruitment strategies or as an incentive to become its representative or provider in terms of the FAIS Act. The law prohibits offering a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as a FSP or appointed as a representative by any FSP).

A sign-on bonus means:

- (a) Any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider, and
- (b) A financial interest referred to in (a) includes but is not limited to compensation for the:
 - (aa) Potential or actual loss of any benefit, including any form of income, or part thereof, or
 - (bb) Cost associated with the provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or a loan, advance, credit facility or any other similar arrangement.

7. Ownership interest

FMI (Pty) Ltd holds ownership interests in IFANet Independent Distribution Services (Pty) Ltd (2003/016850/07).

8. Policy review

This Conflict of Interest Management Policy shall be reviewed annually and updated if required.