

## CONFLICTS OF INTEREST MANAGEMENT POLICY

### 1. Management policy statement:

Viva Cover recognises the importance of an open and transparent manner of communication in all aspects of the operations of our business, be it with our clients, our suppliers, our service providers or members of the greater business community within which we work and regardless of whether it is in the financial services industry. Whilst legislative requirements may be the foundation of this policy, basic business ethics are its overall primary standard and objective. The Board of directors take this policy as a statement that binds the ethics of the company.

### 2. To whom does this policy apply?

This policy is deemed to apply to all employees, which includes:

- 2.1. Directors;
- 2.2. Managers;
- 2.3. Permanent Staff;
- 2.4. Contract Staff.

Whether they be employed in the financial services sector or not.

### 3. What do we deem to be a Conflict of Interest?

The Financial Advisory & Intermediary Services Act (FAIS) gives us the foundation for our policy. It defines a conflict as:

“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, -

- 3.1. Influence the objective performance of his, her or its obligation to that client; or
- 3.2. Prevent a provider or representative from rendering an unbiased and fair financial services to that client, or from acting in the interests of that client, including but not limited to:
  - i. Financial interest
  - ii. An ownership interest
  - iii. Any relationship with a third party”

### 4. Where can these potential conflict situations arise within our business?

- 4.1. With Insurers with whom there is a business/ownership relationship;
- 4.2. With other FSP's with whom there is a business/ownership relationship;
- 4.3. With Distribution channels with whom there is a business/ownership relationship;
- 4.4. With any other persons with whom there is a business/ownership relationship;
- 4.5. With any service providers with whom there is a business/ownership relationship;
- 4.6. Any of the above could be deemed Associate companies or Third party companies with whom we may have an ownership interest. These companies, if applicable, are listed in a separate annexure to this policy;
- 4.7. With Viva Cover, as a result of employment contracts and remuneration policies;
- 4.8. With any other relevant relationship that may exist within the company.

## 5. How do we assess whether there are conflict situations within our business?

We have a management tool that assists in documenting the various relationships and arrangements that we currently have in place, whether or not these create a conflict or potential conflict. If they do, then a decision has been taken as to whether these are to be avoided or mitigated and the decision recorded accordingly. These sections are reviewed as part of the ongoing monitoring process followed by our external compliance officer and forms the basis of an ongoing reporting strategy to both ourselves and should the need arise to the Financial Services Board, the ultimate authority governing the financial services sector.

To assess what conflict situations we had we firstly identified all the situations that may have led to a conflict. This was an initial once off exercise, but our compliance policy is such that these key indicators are reviewed, at the very least annually and before any new relationships is entered into because a new relationship may well demand avoidance, mitigation steps or additional disclosures.

## 6. The situations that we scrutinised included:

### 6.1. What Associate company relationships do we, or our staff, have?

In simple terms companies with whom there is a relationship based on common shareholding, management control or family (in its widest context) members are involved and subsidiary or holding company status.

### 6.2. What Third Party relationships did us, or our staff, have?

- 6.2.1. Product suppliers (insurers) including any of their associates;
- 6.2.2. Other FSP's including any of their associates;
- 6.2.3. Distribution channels;
- 6.2.4. Any other person who in terms of an agreement or arrangement with any of these provides a financial interest is due i.e. Surveyors;
- 6.2.5. Attorneys;
- 6.2.6. Suppliers outside the insurance environment, for example IT; Stationary; Accounting.

### 6.3. Was there any ownership interest within these relationships?

And would this create a conflict of interest.

### 6.4. Was there any financial interest paid from or to the entities within these relationships?

And would this create a conflict of interest.

### 6.5. Was there any immaterial financial interest paid from or to the entities within these relationships?

If so, are we monitoring the frequency and extent?

### 6.6. What were our staff's remuneration policies?

The process allowed us to assess all of our relationship, including those of our staff and including financial aspects, and to document these fully. The data collected was then reviewed to see, if a potential conflict of had been identified, and then we had to see how best to deal with this. The options open to us included:

- i. Avoidance i.e. Take away the situation that creates the conflict; or

- ii. Mitigate i.e. Put measures in place that acknowledge the conflict situation but implement measures to reduce its potential impact; and/or
- iii. Disclosure i.e. Formally provide details of the situations that exist and what has been done, if anything, about these to reduce or eliminate the situation itself

Any solution we have established could be a combination of all three e.g. Avoid some, Mitigate other and Disclosure of what we have done and will continue to do.

Our general strategy was, where possible, to avoid such conflicts i.e. prevent them by physically removing the conflict situation.

Where we could not avoid the conflict situation, actual or potential, needed to be mitigated i.e. we had to put controls in place to reduce the likelihood of conflict arising.

Where disclosure of conflicts, which includes potential ones, involved clients the standard adopted demands a higher level of formality. It demands formal disclosure “at the earliest reasonable opportunity” which is deemed to be when providing you with the initial advice/quote.

Our disclosures are clear, concise and effective, on our opinion although we constantly strive to ensure we are achieving this lofty ideal.

## 7. Our Disclosures include:

- 7.1. What conflicts we have;
- 7.2. What measures we have been taken to avoid or mitigate these conflicts;
- 7.3. Ownership interests that may become due to us – this includes shareholding, dividends, profit share and similar payments. This includes ownership of and payments from associated companies that can include administrators, cell captives and insurers;
- 7.4. Financial interests (these are things we actually pay for that are made available by other FSP’s or insurers as part of the relationships that exist) that may become due. These include vouchers, benefits, travel, hospitality, accommodation, sponsorships and other incentives.
- 7.5. Details of the relationships, and/or arrangements that exist that create the (potential) conflict;
- 7.6. How to obtain our Conflict of Interest management Policy.

## 8. How do we ensure this policy is understood and adhered to by all role players?

- 8.1. The policy has been developed in conjunction with and formally approved by management. The adherence to and breaches of are a standing item on the board meeting agenda/management meetings;
- 8.2. This policy is published within the company and is readily available to all staff, clients and other interested parties;
- 8.3. All staff have been provided with a copy of this policy and have been given awareness training by our compliance department;
- 8.4. Compliance with this policy is an integral part of our employment contract and subject to review on at least an annual basis. This includes a breaches of the policy are seen as an issue subject to the companies disciplinary procedures;
- 8.5. All staff complete and annually update a Conflict of Interest Questionnaire;
- 8.6. All management and staff sign a formal declaration relating to the understanding of an agreement to adhere

to this policy;

- 8.7. Our compliance program ensure a constant review of our standards which includes an obligation to report non-compliance to the authorities if corrective action is not taken.

**9. What were the results of this process and its on-going monitoring?**

We have summarized the results below under the headings;

- 9.1. Management policy summary of our conflict situations and actions taken;  
9.2. Associates companies – a listing of all such companies;  
9.3. 3<sup>rd</sup> Party companies with whom there is an ownership interest by ourselves and/or staff.

Conflict of interest Management Policy – Details of identified associated companies, including those of our staff				
Who is the Associate Company?	Do we have a shareholding in them?	Do they have a shareholding in us?	Do we see this as a potential conflict?	
IFS Holdings (PTY) Ltd	No	Yes	Yes	
Viva Life Insurance Limited	No	No	No	
Comit Technologies (PTY) Ltd	No	No	No	
Ucingo Administration 321 (PTY) Ltd	No	No	No	
All Sevens Trade and Invest (PTY) Ltd	No	No	No	
In terms of the revised General Code of Conduct to the FAIS Act, Viva Cover is defined as not rendering “Independent” financial services as its “Associate” IFS Holdings (Pty) Ltd is a significant owner of Viva Life Insurance Limited.				
Conflict of Interest Management Policy – Details of 3 <sup>rd</sup> party companies with ownership relationships, Including those or our staff				
What is the 3rd party?	Do we receive any financial interest from this 3rd party?	Nature of the financial interest	Do we see this as a potential conflict?	Controls in place?
NA				

Conflict of Interest Management Policy – Summary of other identified conflicts and corrective actions taken			
Possible other conflicts identified?	Is this a potential conflict?	If Yes what we have done about it?	Controls in place?
Staff receiving gifts, vouchers and the like	Yes This is not paid from a 3 <sup>rd</sup> party (product supplier), but the provider.	We have instituted specific controls to monitor these activities and have included full disclosure of the possibility of payments, gifts and the like as well as the limits applicable in our standard disclosure documentation supplied to clients.	We have set up a register to monitor all gifts and hospitality received by the FSP to ensure that no provider supplies anything in excess of R1, 000.00 in any one calendar year. This register can be viewed upon written request. Annual conflicts of interest declarations are signed.
Staff entertained by Associates or Third-Party Companies	No, as staff do not have direct contact with 3 <sup>rd</sup> parties and representatives are appointed to a single insurer		
Staff providing gifts, vouchers and the like to clients, third parties or associated companies	No as staff do not have direct contact with 3 <sup>rd</sup> parties.		
Staff entertaining Associates or Third-Party Companies	No as staff do not have direct contact with 3 <sup>rd</sup> parties.		
Intermediaries	Yes	Formal contracts are in place to ensure that the authorities granted to the brokers/administrators are not abused for the benefit of said broker or administrator now to detriment of the insured client.	The broker only sells the product on our behalf. The broker only received commission as regulated in the STI Act and regulations. All claims are managed by us to ensure there can be no manipulation of loss ratios where profit share arrangements are provided for.