



Conflict of Interest Management Policy

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Responsible Business Unit	Compliance

Contents

Background	3
About this Policy	3
Our Contact Details	4
Definitions	6
What CEB may give and receive	8
Gifts and entertainment	10
How do we identify conflicts of interest?	11
How we avoid and mitigate COIs	13
How we continuously monitor the COI Management Policy	14
How we train staff on COIs	14
How we protect our clients	15

Background

In terms of the Financial Advisory and Intermediary Services Act, 2002, Chartered Employee Benefits (Pty) Ltd (“CEB”) is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interest (“COI”).

Section 3A(2)(a) of the General Code of Conduct stipulates that every financial services provider, other than a representative, must adopt, maintain and implement a conflict-of-interest management policy that complies with the provisions of the Act. This COI Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

About this Policy

This policy stipulates the way CEB identifies, mitigates and manages COI that affect CEB, to enable us to protect our clients and ensuring the fair treatment of clients.

CEB is committed to ensuring that all business is conducted in accordance with good business practice. This COI Management Policy does not change our existing COI management procedures but intends to document them in simple form as required by the Financial Services Conduct Authority.

To this end, CEB conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, CEB is potentially exposed to conflicts of interest in relation to various activities.

CEB keeps and maintains a register in which all actual or potential conflicts are recorded. This is managed and maintained by the Compliance Department.

This policy is applicable to CEB, all providers of CEB, all Key Individuals (“KI”), Representatives, associates and administrative staff. They undertake to commit to this policy and the applicable legislation regarding COI and how to identify, manage and mitigate any possible conflicts of interests, and the processes in this policy will be monitored on an ongoing basis. The quality of the representatives’ compliance with the applicable legislation is monitored through the compliance analyst spreadsheet.

This policy sets out how:

- we will identify circumstances which may give rise to actual or potential COI entailing a material risk of damage to our clients’ interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients’ interests through identified COI.

To achieve the objectives set out above, this policy sets out the rules, principles and standards of CEBs COI management procedures, by documenting them in a clear and understandable format.

Any non-compliance with the policy will be viewed in a severe light. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

Our Contact Details

Should you have any questions or require any further information, you may contact the Compliance Officer at:

Chartered Employee Benefits

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Dunkeld West

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Definitions

"CEB"	-	Chartered Employee Benefits (Pty) Ltd.
"Associate"	-	<p>Means, in relation to a natural person, meaning:</p> <ul style="list-style-type: none"> • A person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person; a child of that person, including a stepchild, adopted child and a child born out of wedlock; a parent or stepparent of that person; 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; a person who is the spouse, life partner or civil union partner of a person referred to in (ii), (iii) and (iv); a person who is in a commercial partnership with that person. • In relation to a juristic person, meaning: 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; which is a closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act; which is not a company or a closed corporation, 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 person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company; 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

		<p>company, the governing body of such juristic person is accustomed to act.</p> <ul style="list-style-type: none"> • In relation to any person, meaning: 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; includes any trust controlled or administered by that person
“Conflict of interest”	-	Means any situation in which a provider, CEB or a representative of CEB has an actual or potential interest that may, in rendering a financial service to a client: influence the objective performance of his, her or its obligations to that client; or any relationship with a third party; or prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to: a financial interest; an ownership interest.
“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 which exceeds R1,000 per calendar year, other than: an ownership interest; training, that is not exclusively available to a selected group of providers or representatives, on: products and legal matters relating to those products; general financial and industry information; specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodations associated with that training.
“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 provider who is a sole proprietor; a representative for that representative's direct benefit; or a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial interest paid to its representatives.
"Ownership interest"	-	Means: 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 includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
"Third party"	-	Means a relationship with a product supplier; another provider or FSP, an associate of a product supplier or a provider or FSP; a distribution channel; 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.

What CEB may give and receive

CEB and the representatives of CEB may only offer to and accept specific financial interests from our service providers if they come in the form of:

- Commission authorised under the Long-term Insurance Act, 52 of 1998
- Commission authorised under the Short-term Insurance Act, 53 of 1998
- Commission authorised under the Medical Schemes Act, 131 of 1998
- Fees under the aforesaid Acts if these fees are reasonably commensurate to the service being rendered
- Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion

- Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered
- Subject to any other law, an immaterial financial interest
- A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof

The financial interests referred to above may only be offered or received by CEB or its representatives if:

- The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it.
- The payment of those financial interests does not result in CEB or its representatives being remunerated more than once for performing the same service;
- Any actual or potential conflicts between the interests of clients and the interests of the person receiving those financial interests are effectively mitigated; and
- The payment of those financial interests does not impede the delivery of fair outcomes to clients.

CEB may not offer any financial interest to one of its representatives –

- 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.
- For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client
- That is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for clients.
- The representatives of CEB do consider multiple quotations and products, and this is highlighted in the record of advice that each client of CEB receives.

The measurable indicators are agreed in writing between CEB and its representatives and sufficient weight is attached to these indicators to materially mitigate the risk of the representative/s giving preference to the quantity of business secured for CEB over the fair treatment of clients.

The way in which CEB remunerates its representatives is set out in a separate remuneration policy that is available to all CEB employees. In short, no representatives receive incentives for writing new business, and all extra remuneration over and above the monthly salary is based on performance/KPI.

CEB also sets out below the conditions and limitations surrounding the receiving of gifts or entertainment by any CEB staff member from a client or product provider. The adherence to the limitations surrounding gifts and entertainment is to manage any potential conflicts of interest that may arise and potentially cause harm to clients of CEB.

Gifts and entertainment

Why do we monitor Gifts & Entertainment?

The offering or receiving of gifts and/or entertainment has the potential to induce CEB Staff, clients or providers to act in a way that they would not normally act and can create a real or perceived COI. In addition to this, the FAIS Act stipulates annual limits to the giving or receiving of gifts and/or entertainment that must be monitored.

Which gifts may not be accepted under any circumstance?

The following gifts may not be accepted by a CEB Staff member:

- Cash (including vouchers);
- Legacies or inheritances.

Annual Limits for all FAIS Representatives:

The FAIS Act provides that Representatives may only receive up to R1,000 worth of gifts and/or entertainment per Product Provider per year. Anything offered to a Representative above this limit must be politely refused.

Annual Limits for all CEB Staff:

An annual gift and/or entertainment limit of R2,000 per employee per year has been implemented for staff of CEB who are not representatives. Any gift or entertainment received by a CEB staff member from a client, service provider or product provider will count towards this annual limit. Once this limit has been reached, further gifts or entertainment must be politely refused.

What to do when you receive a gift?

When offered a gift and/or entertainment, you must:

1. Report the gift/entertainment to Compliance with the following information:
 - a. Name of the offeror;
 - b. Details of the gift;
 - c. Approximate value of the gift;
 - d. Nature of relationship with the offeror.

2. Accept or decline the gift/entertainment depending on value, type and guidance received from Compliance.

Note: All gifts and entertainment must be reported to Compliance immediately

How do we identify conflicts of interest?

In order to manage conflicts of interest effectively, it must be identified as soon as possible after it occurs or when it is clear that a COI could arise from a situation. To

determine whether there may be a COI, CEB looks at whether there is a material risk of damage to the client by evaluating if CEB or one of our employees:

- 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 the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome
- has a financial or other incentive to favor 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 interest as, *inter alia*:

- conflicts of interest between CEB and the client
- conflicts of interest between our clients if we are acting for different clients and the different interests' conflict materially
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client
- storing confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients. We may only receive commissions authorised in terms of applicable legislation, which is set out above

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed, acting impartially to avoid a material risk of harming clients' interests.

CEB maintains a register of potential conflict risks, taking into consideration all business areas and income streams. The register is updated with all new conflicts identified, and to ensure completeness, it is reviewed on an annual basis. Apart from the register of actual COIs, record must be kept of potential COI and closely monitored by the KI/assigned staff.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the KI of any conflicts they become aware of. The KI will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

How we avoid and mitigate COIs

CEB will create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to COI, through training and educational material.

We will ensure that all employees and representatives of CEB understand and adopt the COI Policy.

We regularly inspect our commissions, remuneration, fees and financial interests proposed or received in order to avoid being non-compliant.

CEB keeps a register for the recording of a COI and once a COI has been identified, it is appropriately addressed and managed.

If an employee of CEB suspects the possibility of a potential COI occurring, this needs to be brought to the attention of the Compliance Department for recording in the register and for investigation into the severity of the conflict.

After the Compliance Department has been briefed on the possible COI, one of the relevant KI's will assess this identified conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational

risk. Compliance and management will then agree on the controls that need to be put in place to manage the conflict.

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to the affected clients to allow them to make informed decisions on whether to continue using our services in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients in the record of advice and in the FAIS disclosure document.

We may decline to act for a client in cases where we believe the COI cannot be managed in any other way.

Our COI Management Policy is published in appropriate media and we ensure that it is easily accessible for public inspection at all reasonable times. This policy is available and stored electronically on the CEB website. A copy will be provided upon the client's request.

How we continuously monitor the COI Management Policy

This policy will be reviewed annually by the Compliance Department, with sign-off required by KIs before the reviewed policy is able to be implemented.

How we train staff on COIs

All employees and Representatives are required to read this policy to understand what constitutes a COI and the steps to follow once a potential COI has been identified.

Comprehensive training on the COI policy will be provided to all employees and Representatives as part of specific and/or general training on the FAIS Act. Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The Compliance Officers will include monitoring of the COI Management policy as part of their general monitoring duties and will report thereon in the annual compliance report.

Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

How we protect our clients

We confirm we will not offer any financial interest to our KIs or Representatives for-

- (i) favouring quantity of business over quality of service; or
- (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that we do not have an ownership interest or are subject to exclusive training nor are there any other circumstances which could lead to a potential COI. Should any conflicts arise with regard to any of these prior to entering into any business transaction with the client we undertake to disclose it.