



Conflict of Interest Management Policy

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1. Introduction

In line with the requirements of the General Code of Conduct for Authorised Financial Service Providers and Representatives (the Code), as amended, promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act 37 of 2002 (FAIS) the board of Sasria SOC Ltd (Sasria) adopted a conflict of interest management policy to ensure appropriate management of conflict of interest by the organisation. Sasria as a registered Financial Services Provider recognises its obligations to those whom it deals with, namely shareholders, employees, customers, suppliers, contractors, agents and the community at large and that Sasria should maintain the highest ethical standard when carrying out its obligations.

This policy is to be read with the Sasria tender procedure and process regarding procurement declarations. In this regard reference to the requirement to declare interests should be included in the tender process.

2. Policy Statement

Sasria is committed to avoiding, and where this is impossible, mitigating any conflict of interest that may arise between Sasria or its employees and its agent companies or intermediaries when rendering financial services in respect of special perils products that it offers to its clients/policyholders through its network of agents companies. Sasria further commits itself to conducting its business in a fair, ethical and honest manner in the interests of its stakeholders and the insurance industry.

3. Regulatory Framework

The regulatory framework for the Conflict of Interest Management Policy is provided by –

- 3.1 Financial Advisors and Intermediary Services Act 37 of 2002 (FAIS)
- 3.2 General Code of Conduct for Authorised Financial Service Providers and Representatives (issued in terms of FAIS)
- 3.3 Financial Services Board Notice 58 of 2010
- 3.4 Prevention and Combating of Corrupt Activities Act, 2004
- 3.5 Companies Act, 2008

3.6 Public Finance Management Act, 1999

3.7 King IV Report on Corporate Governance for South Africa, 2016

3.8 Board Charter of Sasria SOC Ltd

4. Purpose of this Policy

The policy is aimed at assisting Sasria, the board, managing executives and employees to identify and declare potential or actual conflicts of interest and to illustrate how to manage same. The policy further sets out Sasria's position of allowing and / or prohibiting any gifts to be received or given out by any of its employees.

The policy further aims to reduce the risk of damages or losses that may arise from unmanaged or undisclosed conflicts of interest. All Sasria employees must at all times be faithful to the company and ensure that they will not allow their personal interests to conflict with the interests of Sasria clients and / or agent companies.

5. Policy Implementation

5.1 Applicability of Policy

This policy applies to all Sasria employees including directors, permanent and temporary staff, agents, consultants and contractors and their immediate family members.

It is the responsibility of all employees to familiarize themselves with the contents of the policy and proactively seek guidance from the Compliance Officer in cases of uncertainty.

Sasria management are responsible to educate staff members within their respective areas of work on this policy.

5.2 What is Conflict of Interest?

5.2.1 Sasria adopts the statutory definitions set out in Board Notice 58 of 2010 – Financial Advisory and Intermediary Services Act (FAIS), 2002: Amendment of the General Code of Conduct for authorized Financial Services Providers and Representatives as follows -

“conflict of interest” 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 best interests of that client, including but not limited to – (i) a financial interest; (ii) an ownership interest; (c) any relationship with a third party;

“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; 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 industry information; (iii) specialized technological systems of a third party necessary for the rendering of a financial service; but **excluding** travel and accommodation associated with that training;

“immaterial financial interest” means 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.

“third party” means – A product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

5.3 Sasria policy on gifts

5.3.1 In an endeavor to mitigate conflict of interest, Sasria’s employees are prohibited from accepting and giving out Financial Interest to any third parties save for those fees or other considerations listed in paragraph 5.4.2 and 5.4.3 below.

5.3.2 Sasria or any of its employees may only receive from, or offer to, its agent companies the following forms of **financial interests**:

- (a) commission as prescribed and authorised under the Short-Term Insurance Act 53 of 1998.
- (b) fees that are reasonably commensurate with the services rendered by its agent companies and authorised under the Short-Term Insurance Act 53 of 1998.
- (c) fees or remuneration for the rendering of service to a third party, which fees or remuneration are commensurate to the service being rendered.
- (d) offer subject to any other law, immaterial financial interest.

5.4 Other financial interests

5.4.1 Sasria or its employees may further only receive from, or offer to, other third parties the following **financial interests**:

(a) Training

- Training should not be exclusively available to a selected group of financial services providers or representatives. Training may not provide travel and accommodation to the other financial services providers or representatives attending the training.
- Accommodation and hospitality related to must be declared. However, the acceptance of hospitality should not create an expectation of desired outcome.

(b) Allowable considerations received at work related events and functions

- Employees may accept considerations from event /function organisers in the form of tokens (such as for example, provider branded note pads, bags, pens, t-shirts) or consumables in the form of, for example, sweets, chocolates, flowers, bottle of liquor, hospitality and other).

5.4.2 The maximum value of an allowable consideration that can be received from or given out should not exceed R1000.00 (One Thousand Rand) direct and indirect benefit from or to the same party, irrespective of whether the third party is an fsp or non-fsp.

5.4.3 Where the value of R1000.00 is exceeded (in respect of accommodation and hospitality related to training and / or conferences), the Managing Director must authorize same and this must be recorded in the Conflict of Interest Register referred to below.

5.4.4 Any other exceptions not listed in the policy are to be approved as per Sasria's delegation of authority policy.

5.5 Examples of financial interests not allowed –

5.5.1 Cash or Cash Equivalent

Employees shall in no way accept any cash or cash equivalent including vouchers, coupons Shares or other, from a third party.

5.5.2 Gifts

Employees shall not accept any gifts from third parties (including any party involved in a tender process with Sasria during the tender period that is from the time of drafting the request for proposals. If a gift was received or given 12 months before a tender period the employee concerned should make a special declaration of such gift as soon as they become aware of a tender process that has a potential of involving the party that gave or received a gift) .

5.5.3 Hospitality

Employees shall not accept any hospitality except in line with 5.3.2 above and whilst in the ordinary course of business (e.g. lunch with Agent Company or Third party).

5.5.4 Entertainment

5.5.4.1 Employees may entertain and be entertained by third parties in the ordinary course of business. The maximum amount allowed for entertainment should not exceed R1000.00 (One Thousand Rand) from or to the same party, irrespective of whether the third party is an fsp or non-fsp.

5.5.4.2 Entertainment amongst Employees is prohibited.

5.55 Sasria in the course of running its business acknowledges that it offers complex products and underwriting methodologies and philosophies of its different from its agent companies vary. Whilst the agent companies utilise Sasria's underwriting methodologies as prescribed in its Sasria's Regulations, Sasria is often confronted with agent companies' employees or representatives who are not familiar with Sasria's business model and underwriting. As such, Sasria will provide training interventions to agent companies on Sasria products and Claims management. Sasria undertakes no obligation to compensating agent's employees or representatives for traveling and accommodation incurred as a result of attending training.

5.6 Mechanisms for Identifying Conflict of Interest

The test that must be applied to identifying or establishing conflict of interest entails the question whether the conflict or potential conflict of interests may influence or have a potential to influencing the Sasria employee or representative concerned judgment or objectivity when performing his or her duties.

5.7 Measures for Avoiding or Mitigating of Conflict of Interest

5.7.1 Employees are obliged to identify and disclose any situation where an actual or potential conflict of interest is identified.

5.7.2 An Employee who suspects an actual or potential conflict of interests has a responsibility to immediately report the matter or situation that may lead to conflict to his or her line manager.

5.7.3 Employees are required to annually declare, by end of May each year, conflicts of interests using the Sasria prescribed form for Declaration of Employees Interests.

5.7.4 The declaration referred to in 5.4.3 above has to be updated by 30 September of the same year.

5.7.5 In addition employees are required to declare interests on any items dealt with at meetings of all forums or committees they sit in as members or by invitation.

5.7.6 An employee is further required to update the Compliance Function in writing within thirty (30) days of registration of a new business by such employee.

5.7.7 The Compliance Officer shall keep and maintain a Conflict of Interest Registers.

5. 7.8 The Conflict of Interest Register will be used to record and disclose any gifts, which falls outside of this Policy, received and declared by employees.

5.7.9 Employee must declare all entertainment they receive from, or give out to, an FSP, or any other source or recipient, while in the employ of Sasria. An annual gift threshold of R1000 was permissible and should be declared.

- 5.7.10 Where the interest that may manifest concerns ownership or is relating to a third party, the employee, upon identifying such interest shall: -
- 5.7.11 Disclose and communicate to the Compliance Officer any ownership interests or relationships with the third party which may create a conflict of interest situation where employee's judgment or objectivity when performing Sasria's tasks is compromised.
- 5.7.12 The disclosure referred to above shall be made by all employees at regular intervals. In respect of new employees such disclosure shall be made at the commencement of employment with Sasria.
- 5.7.13 The disclosure in respect of all other employees shall be made on an annual basis.
- 5.7.14 Where conflict is imminent to decision making, the disclosure shall be made before undertaking such task or at the beginning of decision making process.
- 5.7.15 The aforesaid disclosures shall be made on the prescribed form available on Ulwazi.
- 5.7.16 Board members and Managing Director must complete the attached prescribed form marked Annexure A, also obtainable from the Compliance Officer or the Company Secretary.
- 5.7.17 Conflict of Interest involving the managing director or acting managing director shall be referred to the board for approval.

5.8 Internal Controls

- 5.8.1 Sasria's Compliance Officer shall designate one of its employees to maintain the Conflict of Interest and Gifts Registers and shall from time to time notify employees of the name and contact details of the designated employee so appointed.
- 5.8.2 The Compliance Officer together with the designated employee shall be responsible for monitoring and reporting on compliance with this Policy.
- 5.8.3 Quarterly reporting on level of compliance with the policy will be reported on to the management governance committees, relevant board committees, the board and the Shareholder.

6. Roles and Responsibilities

6.1 Board of Directors and individual Board members

- (a) The Board is responsible for approval of the policy.
- (b) Individual board members are responsible for ensuring that they disclose their directorships annually and also disclose any conflict or potential conflict of interests.

6.1 Social and Ethics Committee

The committee is responsible for reviewing and recommending the policy and any proposed changes to the policy for Board approval.

6.2 Executive Committee (Exco) and Managing Executives

- (a) The Exco is responsible for recommending the policy and any proposed changes and updates to the policy to the Social and Ethics Committee for onward recommendation of these for Board approval.

- (b) Managing Executives are responsible for ensuring that there is no giving and/ or acceptance of prohibited gifts by employees in their respective divisions.

6.3 Compliance Officer

- (a) Monitoring of compliance with policy.
- (b) Facilitating disclosures of interests of board members and staff and keeping records of these.
- (c) Quarterly reporting on level of compliance with the policy will be reported on to the management governance committees, relevant board committees, the board and the Shareholder.
- (d) Training of staff and board members on the policy.
- (e) Recommending changes and updates to the policy to the Executive Committee for onward recommendation of these to the Social and Ethics Committee and the Board.

6.4 Staff

All staff members are responsible to ensure that they have disclosed and updated their disclosures of conflicts of interests as required in terms of this policy. In line with the provisions of this policy staff members must not give out or receive any of the prohibited gifts to or from third parties.

7. Failure to Apply or Adhere to the Policy

Sasria views its Conflict of Interest Management Policy in a serious light and failure by any employee to adhere to this Policy constitutes misconduct and may result in disciplinary action being taken against such employee in accordance with Sasria's human capital policies, as amended from time to time.

8. Policy Review Process

This policy is one of the material policies reserved for Board approval and shall be subject to the following review and approval process:

- 8.1 This policy will be revised every three years. Where relevant the policy may however be reviewed earlier than the three year period where there are major changes and / or gaps identified in the policy or where a shorter policy review period is dictated by law or other form of regulation.
- 8.2 Amendments to the policy are to be presented to the Executive committee which will submit the policy to the Social and Ethics Committee for onward recommendation for approval by the Board.