

Company Name:	Overberg Wealth & Risk Management	Functional Area:	Compliance
Policy name/ subject:	Conflict of Interest Management Policy	Reference number:	5358483
Primary Responsibility:	OWRM Compliance Officer	Controlling Responsibility:	Managing Director
Recommended by:	Masthead Compliance	Approving by:	Group Management Committee
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Publication:	E- Learning	Distribution:	All employees in subsidiary

1. PURPOSE

Overberg Wealth and Risk Management (“the Company”) hold agency agreements with various insurers and underwriting managers in the short term insurance, long term insurance, health benefits and employee benefits industries. The Company also holds outsourced and/or binder agreements with insurers and underwriting managers.

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. The policy is to provide for mechanisms in place at the Company to identify, mitigate and manage the conflicts of interest to which the Financial Services Provider (“FSP”) is a party. This Conflict of Interest Management Policy (“this policy”) is designed as prescribed in the General Code of Conduct for Financial Services Providers and Representatives as amended by Board Notice 58 of 2010 and Board Notice 146 of 2014.

This policy does not change the existing conflict of interest management procedures but intends to document them in a simple form as required by the Financial Sector Conduct Authority (“FSCA”).

In terms of the Financial Advisory and Intermediary Services Act, 2002, the Company 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. The Company has put in place a policy to safeguard its clients’ interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

The Company keeps and maintains a register in which all actual or potential conflicts are recorded.

2. SCOPE

This policy applies to all agents, associates and employees, including temporary employees, employed by the Company.

3. MISSION STATEMENT ON CONFLICT OF INTEREST

The Company is committed to ensuring that all business is conducted in accordance with good business practice. To this end the Company 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.

The Company take pride therein that its advice is objective and free of external influence.

Like any financial services provider, the Company is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our customers' interests is of primary concern and therefore, the Company:

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

4. DEFINITIONS

Conflict of Interest

A conflict of interest may occur when in rendering a financial service to a customer the Company does not act objectively or do not render an unbiased or fair service to the customer or do not act in the customers' interests, including but not limited to:

- a) A financial interest;
- b) An ownership interest;
- c) Any relationship with a third party.

A Financial Interest

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than –

- a) An ownership interest
- b) 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 and industry information;

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- iii. Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

An Ownership Interest

- i) any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee;
- ii) includes any dividend, profit share or similar benefit derived from such interest.

Fair Value

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 71 of 2008.

New Entrant

Is a person who has never been authorised as a financial services provider or appointed as a representative by any FSP.

Sign-On Bonus

Any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider.

A financial interest includes but is not limited to a:

- 1) Loan, advance, credit facility or any other similar arrangement; or
- 2) Compensation for the
 - Potential or actual loss of any benefit including any form of income, or part thereof; or
 - Cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services.

5. WHAT MAY THE COMPANY GIVE AND RECEIVE

The Company will only receive or offer financial interest from or to the aforesaid providers or other third party in the form of:

- (i) Commission authorised under the Long-term Insurance Act, 52 of 1998;
- (ii) Commission authorised under the Short-term Insurance Act, 53 of 1998;
- (iii) Commission authorised under the Medical Schemes Act, 131 of 1998;
- (iv) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- (v) 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;
- (vi) Fees or remuneration for the rendering of a service to a third party, which fees are

- reasonably commensurate to the service being rendered;
- (vii) Subject to any other law, an immaterial financial interest;
- (viii) 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.

6. REMUNERATION

The Company derives their income from Commission and Fees. The Company does not receive more than 30% of our income from any one service provider.

Representatives earn commission on new business introduced to the Company and administrative support staff are remunerated on a fixed guaranteed remuneration package. Administrative staff may earn commission as provided for in the relevant policy.

7. PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

To adequately manage conflicts of interest the Company must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, the Company considers whether there is a material risk of damage to the client, taking into account whether the Company or its representative, associate or employee:

- 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 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.

This policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between the Company and the customer;
- conflicts of interest between clients if the Company is 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 the Company would disclose or use, would affect the advice or services provided to clients. The Company may only receive commissions authorised in terms of applicable legislation.

The Company maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis. Apart from the register of actual conflict

of interests, record must be kept of potential conflict of interest and closely monitored by the KI or assigned staff.

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 and act impartially to avoid a material risk of harming clients' interests.

8. MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST

Awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, will be created through training and educational material.

The Company will ensure the policy is understood and adopted by all employees, representatives and associates.

Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance will be carried out.

A register of conflicts of interest will be kept.

Identified conflict of interest will be appropriately and adequately managed.

The Key Individual will assess each 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 agree on the controls that need to be implemented to manage the conflict.

- **Disclosure**

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 allow clients to make an informed decision on whether to continue using the Company's service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. The Key Individual will ensure transparency and manage conflict of interests.

- **Publication**

The Company will publish its conflict of interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times. This policy is stored electronically on our Intranet/E-Learning platform. A copy will be provided on the client's request.

- **Declining to act**

The Company may decline to act for a client in cases where the Company believes the conflict of interest cannot be managed in any other way.

9. ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually and must be included in the annual FSCA compliance report, containing details on the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy.

It is the responsibility of the key individual and the members of the senior management team in charge of supervision and monitoring of this policy to regularly monitor and assess all related matters.

The Company does not believe that the financial interests received constitute a conflict of interest but will address any concerns client may have.

The Company may also enjoy a preferred status with one or more of the product supplier companies with whom the Company hold contracts. This status allows the Company and its customers certain benefits when dealing with these providers.

The Company will make every effort to ensure that its advice is not influenced by its status with any of the product suppliers, but believe that disclosure of these business relationships and the benefits they include, allow customers to make informed decisions.

10. TRAINING

All employees and representatives are required to read Board Notice 58 of 2010 together with Board Notice 146 of 2014 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of all three documents and the application thereof.

Comprehensive training on the Conflict of Interest 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 Key Individual and members of the senior management team so appointed, will conduct *ad hoc* checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of this policy as part of his/her general monitoring duties and will report thereon in the annual compliance report.

The compliance function is outsourced to an external Compliance company with no shareholding in this FSP. The Compliance practice functions objectively and sufficiently independently of the FSP and avoids conflicts of interest.

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.

11. REPRESENTATIVE INCENTIVES

Financial interest will not be offered to key individuals 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.

12. SIGN-ON BONUS

The Company does not offer a sign-on bonus to any person other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice.

As a Category I provider that is authorised or appointed to give advice, the Company does not receive a sign-on bonus from any person.

13. REGISTERS

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

The Company has implemented the following registers:

- 1) Nature and Extent of Ownership interests;
- 2) Financial Interest Received;
- 3) Nature and Extent of Business Relationships.

The Company believes in open, honest and transparent interactions with its clients. In the course of its business activities, situations may arise whereby the Company may become entitled to certain financial interests supplied by external parties in addition to the commission that the Company earn or the fees that the Company charge.

In accordance with the General Code of Conduct the Company is required to disclose any ownership interest it may have in external parties.

14. REVISION HISTORY

Approved date	Approved by and resolution reference	Revision no	Description of change
31/8/2018	Group Management Committee TBC	1	Initial creation

15. APPENDICES

- Appendix 1: Financial Interest Received
- Appendix 2: Business Relationship / Association
- Appendix 3: Ownership Interest

