



## **1. INTRODUCTION**

This Policy is drafted in terms of section 3A (2) (a) of the FAIS Act General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice number 58 of 2010 which amended the Code of Conduct by introducing amended provisions relating to Conflict of Interest.

This policy applies to all associates of Telesure Investment Holdings (Pty) Ltd which is the holding company of the entities as set out in point number 6 below and shall hereinafter be referred to as the Telesure Group. Information regarding the ownership of the entities can be accessed on the following website – [www.telesure.co.za](http://www.telesure.co.za)

All associates of Telesure Investment Holdings (Pty) Ltd, specifically the FSP's are obliged to comply with the prescribed Conflict of Interest provisions of the FAIS Act. All employees of the Telesure Group are obliged to conduct themselves in a professional manner and in line with this Policy and have been made aware of this Policy.

## **2. PURPOSE OF THE POLICY**

This Policy seeks to identify the existence of any Conflict of Interest, adopt and implement measures to avoid any Conflict of Interest and where this is not possible to mitigate any conflict and to disclose the existence of a Conflict of Interest to clients. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy and Regulations as well as to highlight the consequences of non-compliance with the Policy by employees and representatives of the FSP's that subscribe to this Policy.

## **3. GUIDELINE**

This Policy is by no means an exhaustive analysis addressing every Conflict of Interest situation that might arise. The Policy provides a guide as to what constitutes a Conflict of Interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist



employees in making the right decisions when confronted with potential Conflict of Interest issues.

#### **4. LEADERSHIP**

The Board of Directors oversees the business of the Telesure Group including the compliance with all applicable legislation, and this Policy. Management plays a key role in the application of this Policy and are expected to demonstrate their personal commitment to this Policy and ensure the compliance by employees, accordingly. Management is obliged to maintain a workplace environment that nurtures and ensures compliance with this Policy and are expected to report any actual or suspected failure to comply with the provisions of this Policy or the Conflict of Interest Regulations.

#### **5 APPLICATION OF POLICY**

All directors, officers, employees, representatives, associates, brokers and consultants of the Telesure Group are required to comply with this Policy. The Policy applies across the whole spectrum of the Telesure Group's business.

5.1. This Policy specifically applies to and has been adopted by the following FSP's:

5.1.1. Life Insurance Limited- FSP number: 24769

5.1.2. Auto & General Insurance Company Limited- FSP number: 16354

5.1.3. Budget Insurance Company Limited- FSP License number: 18178

5.1.4. First For Women Insurance Company Limited- FSP number: 15261

5.1.5. Dial Direct Insurance Company Limited's- FSP number: 15259

5.1.6. Hippo Comparative Services (Pty) Ltd- FSP number: 16357

5.1.7. I S Services (Pty) Ltd- FSP number: 39475

5.1.8. Unity Financial Services (Pty) Ltd - FSP number: 15260

5.2. In addition the following entities are associates of Telesure Investment Holdings (Pty) Ltd and the FSP's listed above:

5.2.1. Telesure Group Services (Pty) Ltd



- 5.2.2. Douw Steyn Properties (Pty) Ltd
- 5.2.3. Napier Gardens (Pty) Ltd
- 5.2.4. Upstream Advertising (Pty) Ltd
- 5.2.5. Jenus Health (Pty) Ltd
- 5.2.6. Ponte Verda Warehousing (Pty) Ltd
- 5.2.7. No 1 Queens Road Property (Pty) Ltd
- 5.2.8. Direct Integrated System Corporation (SA) (Pty) Ltd

## 6 WHAT IS CONFLICT OF INTEREST

**Conflict of Interest** means any situation in which a Financial Services provider (“a FSP”) or a representative of that FSP, has an actual or potential interest in rendering a financial service to a client that could-

- 6.1 influence the objective performance of his, her or its obligations to that client; or
- 6.2 prevent a FSP or its 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-
  - 6.2.1 a financial interest;
  - 6.2.2 an ownership interest ;
  - 6.2.3 any relationship with a third party;”

The guiding principles of this Policy is that the Telesure Group and its representatives must, when rendering financial services, act honestly, fairly, with due care, skill and diligence. There must, at all times, be a due regard to the interest of the clients and the integrity of the Telesure Group as well as that of the financial service industry as a whole.

## 7 WHAT IS “FINANCIAL INTEREST”

A financial interest can take any of the following forms - cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic, or foreign



travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations.

This list is not exhaustive and there are exceptions such as - an ownership interest and training that is not exclusively available to a selected group of providers or representatives, in respect of product and legal matters relating those products, general financial and industry information and specialised technological systems of a third party that are necessary for the rendering of a financial service but excluding travel and accommodation associated with that travel.

## **8 WHAT IS ALLOWED UNDER CONFLICT OF INTEREST**

8.1 A FSP or its representatives may only receive or offer the following:

8.1.1 Commission or fees authorised under the Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, provided that the fees and commissions are specifically disclosed and where applicable agreed to by a client, in writing, and which may be stopped at the discretion of that client.

8.1.2 Subject to any other law, any immaterial financial interest (see the definition below), fees or remuneration for rendering of a service to a third party (such as a product supplier, another provider, or an associate of either of these), or a distribution channel (such as an arrangement between a product supplier or any of its associates and one or more providers and any of its associates) , which fees or remuneration are reasonably commensurate to the service being rendered:

8.1.3 A financial interest for which fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by the provider or representative at the time of receipt.



## 9 WHAT IS NOT ALLOWED UNDER CONFLICT OF INTEREST

9.1 A FSP may not offer any financial interest to a representative for:

9.1.1 Giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients;

9.1.2 Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client;

9.1.3 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.

## 10 IMMATERIAL FINANCIAL INTERESTS

An “**immaterial financial interest**”, means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000. 00 in any calendar year from a third party in that calendar year received by,

- a provider who is a sole proprietor,
- a representative’ for that representative’s direct benefit and
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representative”.

A provider/representative can spend up to a maximum of R1000. 00, per calendar year, per financial service provider and/or a representative on amongst other things, training, vouchers, provision of marketing materials, gifts, cash, discounts, rewards and other incentives or considerations. One is obliged to maintain a proper record of any financial interest provided. Attached, marked “A” is a form which must be used when any financial interest is offered to a service provider and/or its representative.



The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with customers and or a provider's clients. Reasonable business

entertainment and customer gifts of immaterial financial interest are permitted, including promotional events, provided that the offer is consistent with usual business practice and cannot be viewed as bribe or a payoff and certainly cannot be in violation of this Policy.

## **9 CONSEQUENCES OF NON- COMPLIANCE**

Employees are obliged to report every suspected or actual transgression of this Policy to the Telesure Group and all employees should avoid any situation that may create or appear to create a situation which could be determined to be a Conflict of Interest. Once there is a Conflict of Interest, employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially and in the interests of the client.

A violation of this Policy is a serious matter that could cause harm to the Telesure Group and also could prejudice the Telesure Group's clients.

Any employee, of the Telesure Group, who fails to comply with this Policy, will be subjected to the appropriate disciplinary proceedings in terms of the Disciplinary Code which could result in the termination of their employment with the Telesure Group.

## **10 AMENDMENT'S TO POLICY**

The Telesure Group reserves the right to determine how this Policy applies to any particular situation and to amend or modify this Policy as it, in its discretion deems appropriate. This the Telesure Group can do without giving prior notice to or having been in consultation or reaching agreement with any provider or its representative. All amendments that the Telesure Group may make to this Policy shall be communicated to employees.



## 11 MEASURES AIMED AT IDENTIFYING CONFLICT OF INTEREST

It is the responsibility of all employees of the Telesure Group to maintain the good name and standing of the Telesure Group by conducting themselves professionally

and in accordance with all rules, regulations and legislation which govern the Telesure Group.

Compliance with all rules, regulations and legislation is the individual responsibility of each employee. Each employee must accept personal responsibility for behaving correctly and in accordance with this Policy. Likewise, each employee is obliged to stop or prevent any actions that are contrary to the content of this Policy and which could cause any harm to the Telesure Group as a result.

Set out below are various ways in which Conflicts of Interest may be identified:

- use of the Telesure Group's disclosure of interest register will provide information on Conflict of Interest;
- monitoring of Conflict of Interest disclosure register, annually;
- regular monitoring of commissions and fees that are paid /received by business units;
- monitoring of gifts/interest offered or received by the Telesure Group on a continual basis.

The above is not an exhaustive list of how to identify the existence of a conflict of Interest.

The Risk and Compliance Department shall work closely with the various business units in an effort to identify any Conflict of Interest that may exist and to ensure that new structures or processes introduced as it relates to financial interests, immaterial financial interests and/ or ownership interests do not amount to a breach of this Policy.



## **12 PROCESS, PROCEDURES AND INTERNAL CONTROLS AIMED AT FACILITATING COMPLIANCE**

The Telesure Learning Academy shall be responsible for the training of all employees within the various business units of the Telesure Group on the Conflict of Interest Management Policy. They will be supported, where necessary, by the Risk and Compliance Department of the Telesure Group. The relevant legislative provisions will

be highlighted during training and pamphlets and educational material will be used to highlight the awareness and the importance of compliance with this Policy.

If any employee at any level within the Telesure Group is in any doubt as to whether a particular conduct amounts to a Conflict of Interest or not, that employee must contact his immediate supervisor and/or the Risk and Compliance Department of the Telesure Group for clarity and guidance.

Business unit managers must sanction what the provider or representative should receive in relation to Conflict of Interest. Should the business unit manager be in doubt as to what would be appropriate, he or she must consult the Executive Head of the Risk and Compliance Department.

Should a business unit be exploring the possibility of offering incentives or rewards for performance such incentives or rewards must be measured against this Policy to ensure compliance.

Neither the Telesure Group nor any representative or employee shall avoid, limit or circumvent or attempt to avoid, limit or circumvent this Policy through any means whatsoever.

## **13 MEASURES AIMED AT MITIGATING CONFLICT OF INTEREST**

The employees should avoid engaging in activities which will result in a Conflict of Interest. One must not use improper means to; for example, obtain business from a particular representative/broker.





If the employees realise that there is a potential or actual Conflict of Interest, the employee must, timeously and fully disclose any such potential or actual existence of a conflict to the Telesure Group by reporting same to their immediate superior. This will enable the Telesure Group to decide whether or not to engage with the employee/transgressor in question and will allow the efficient and effective management of the conflict.

The employees who are faced by what is clearly a Conflict of Interest situation, must desist from continuing with any participation in such situation or activities. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this Policy, the employee must approach the Risk and Compliance Department who will evaluate the intended transaction and give guidance.

The Policy aims to ensure compliance with the Conflict of Interest Regulations that in turn ensures clients are fully protected from undue and uncompetitive behaviour by product suppliers, product providers and /or their representatives. The ultimate objective is to ensure that clients at all times receive the best possible advice and /or intermediary service that will allow a client to make an informed decision about the financial products offered.

In order to ensure that quality is not compromised in favour of quantity, Our Service Quality Assurance Department (SQA) monitors calls of representatives on a daily basis. The SQA findings are shared with the managers, supervisors and Coaches. The SQA scorecard is designed in such a way to ensure fair treatment of customers and promotes a customer centric approach.

Depending on the severity of non- compliance on the part of a representatives the following actions can be taken:

- Written warning
- Training can be recommended and undertaken
- Coaching
- Dismissal



- Penalty in a form of deduction of commission earned by representative based on the outcome of the SQA score.

In situations where it is “impossible” to avoid Conflict of Interest, business unit manager(s) must, when called upon to do so, advance reasons as to why they failed to adhere to this Policy and to take measures to mitigate any Conflict of Interest. In addition when any such Conflict of Interest arises it must immediately be reported to the Risk and Compliance Department to take the appropriate action.

#### **14 PUBLICATION AND REPORTING**

This Policy is available on the Telesure Group’s website at [www.telesure.co.za](http://www.telesure.co.za) as well as on each of the abovementioned FSPs’ website. In addition, the annual FAIS compliance management reports of each FSP will include a report on the accessibility, implementation, monitoring and compliance of this Policy.

#### **15 MANAGEMENT OF CONFLICT OF INTEREST**

This Policy forms part of the risk management framework of the Telesure Group. The Risk and Compliance Department of the Telesure Group is responsible for the identification and management of any existence of Conflict of Interest. The Risk and Compliance Department will annually review this Policy to ensure that it remains current and applicable.

All queries regarding this Policy can be directed to the Executive Head of the Risk and Compliance Department.



**ANNEXURE "A"**

<b>CONFLICT OF INTEREST MANAGEMENT POLICY: DISCLOSURE OF INTEREST</b>		
<b>Individual and/or Business unit disclosing the information:</b>	<b>Nature of benefit offered/received or conflict of interest offered and/or received and the reasons therefore:</b>	<b>Value of benefit or conflict of interest offered/received and date of offer/receipt:</b>
1.		
2.		
3.		