



Conflict of Interest Management Policy

Purpose:

The Management of Tenacity Financial Services (Pty) Ltd operates in short term insurance and long term insurance as a professional company providing intermediary services. Therefore the company's actions must be open to scrutiny by clients, potential clients and in some cases members of the public.

Consequently, there has to exist a duty of loyalty and fidelity by management and staff who have the responsibility of administering the company's affairs honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of clients. Those persons must exercise the utmost good faith in all transactions involved in their duties, and they must not use their positions within the company or knowledge gained therefrom for their personal benefit.

The interest of the company and its clients must be the first priority in all decisions and actions. Tenacity has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

Persons Concerned:

For the purpose of this document, the term employee includes directors, managers and all permanent staff as well as contract staff who can influence the actions of others. This would include all persons who make purchasing decisions and anyone who has proprietary information concerning a client.

Areas in which conflicts may arise:

Tenacity is potentially exposed to a conflict of interest in relation to various activities. However, the protection of our client's interests is our primary concern as stated in our policy:

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

Conflicts of interest may arise in the relations of employees with any of the following third parties and any company with which our company and/or our employees have an association, by shareholding or any other interest including:

1. Persons and firms supplying goods and services to the company
2. Persons and firms from whom the company leases property and equipment
3. Competing companies
4. Agencies, organizations and associations including insurers, underwriting managers, administrators and other brokers with whom the company transacts business
5. Family members, friends, and other employees

Conflicts of interest may also arise in the method by which we remunerate our staff, particularly if we provide incentives to our representatives for the quantity of business secured without appropriate quality assurance mechanisms in place.

Nature of Conflicting interest:

In regard to those employees that provide intermediary services to clients, the definition of a conflict of interest includes:

“Any situation in which our company or a representative of our company 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 our company or our representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.”

In respect of all employees, possible conflicts include

1. An employee owning shares or holding debt or other proprietary interests in any third party or associated company
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party or associated company
3. An employee receiving remuneration of any type, whether commission or otherwise, for services from another person or company
4. An employee using our company’s time, personnel, equipment, supplies, or goodwill for purposes other than approved activities, programs, and purposes
5. An employee receiving gifts for birthdays and other special occasions
6. An employee receiving money, vouchers, or anything that can be converted to money from any other person or company for ‘selling’ specific services or products whether in pursuance of the employee’s or otherwise
7. An employee being invited to lunches, dinners, shows and other entertainment events
8. An employee receiving or accepting special travel or holiday facilities at discounted prices or as an award for providing leads or business to another company
9. An employee providing leads to businesses owned by family and friends, whether for reward or otherwise
10. An employee distributing products and/or services, provided by businesses owned by family and friends, for reward or otherwise
11. Any activity involving clients by which family and friends can financially benefit
12. An employee receiving personal gifts or loans from any other companies or persons dealing or competing with our company

The receipt of any gift is disallowed except gifts of a value less than R200 which could not be refused without discourtesy and do not exceed R1000 in any one calendar year. Any gifts that are received, will be recorded on the gifts receipt registry. No personal gift or money is allowed under any circumstances.

In respect of our company as provider, possible conflicts are

1. Our own company owning shares or holding debt or other proprietary interests in any third party or associated company
2. A third party company owning shares in our company
3. Our company earning or receiving more than the regulated commission, whether arising from additional services provided to the client or the supplier or otherwise
4. Our company making payment to another FSP or third party which enables that FSP to earn more than the regulated commission
5. Arranging agency contracts with selected insurers
6. Methods of employee remuneration

Interpretation:

The areas of the conflicting interests listed above and the relations in those areas, which may give rise to conflicts, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that employees will recognize such areas and relation by analogy.

The fact that one of the interests described above exists does not necessarily mean that a conflict exists. Should it be established that a conflict does exist; such conflict may not be material enough to be of practical importance. Where it is found that the conflict is material, upon full disclosure of all relevant facts and circumstances it may not be adverse to the company's interests or interests of clients.

However, it is the policy of the company that the existence of any of the interests described above shall be disclosed before any transaction is concluded. It shall be the continuing responsibility of the employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Similarly it is the responsibility of all employees to identify and report possible conflicts of interest that may emanate from the working relationship that this company has with any of its associates or other business partners, whether there is a financial interest or otherwise.

Management of the Policy

- **Procedures:**

We have adopted appropriate procedures throughout our business to manage a potential conflict of interests. Our mandatories and employees receive guidance and training in these procedures and they are subject to monitoring and review processes.

- **Confidentiality barriers:**

Our mandatories and employees respect the confidentiality of client information and disclose or use it with circumspect. No such information may be disclosed to a third party without the written consent of a client.

- **Monitoring:**

The key individual in charge of supervision and monitoring of this policy will regularly provide feedback on all related matters.

- **Inducements:**

Inducements from third parties in relation to services provided to clients are acceptable to *your company name* only if they are appropriately disclosed to clients and if it is either the payment of a normal fee or commission to continue the quality of our services to clients and would not impair our duty to act in the best interest of clients.

- **Gifts:**

Tenacity employees will not accept any gifts. Excessive gifts from clients may result in a conflict of interest, which we are committed to avoiding. Any gifts offered should be approved and signed by the line manager. Any gift exceeding R200.00 (two-hundred rands), should be signed by an Executive member for that business area.

- **Disclosure:**

Where there is no other way of managing a conflict or where the measures in place do not sufficiently protect client's interests, the conflict will be disclosed to allow clients to make an informed decision on whether to continue using our 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.

We will disclose all conflicts of interest and potential conflicts of interest to our clients in at least one of the following ways:

1. By declaring it verbally at the prior to the conclusion of the sale
2. By declaring it in writing as soon as practicable possible following a sale

In selecting one or both of the above, we will take into account the type of conflict and the impact it might have on the client's decision to purchase our products/services or not.

- Declining to act:

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

Transactions with Associated Companies:

Transactions with parties with whom a potential or actual conflict of interest exists may be undertaken only if all of the following are observed:

1. The conflict of interest has been identified and attempts to avoid it have not been successful
2. The conflict of interest has been mitigated as far as possible
3. The conflict of interest is fully disclosed to clients where appropriate
4. An employee with the conflict of interest is excluded from the discussion and approval of such transaction is provided by the Managing Director
5. A competitive quotation, bid or comparable valuation exists and has been properly evaluated and where involving a client has been properly explained
6. The Managing Director has determined that the transaction is in the best interest of the company and its clients

If there is any doubt, reference should be made to the Managing Director who shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable.