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CONFLICT OF INTEREST MANAGEMENT POLICY

1. Introduction:

This Conflict of Interest Management Policy ("Policy") is drafted in terms of section 3A (2) (a) of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003 ("General Code of Conduct") promulgated under the Financial Advisory and Intermediary Services Act 37 of 2002 ("FAIS Act") which requires every Financial Services Provider ("FSP") to adopt, implement and maintain a Conflict of Interest Management Policy.

1 Life Insurance Limited ("the Company") is licensed with the Financial Services Board as a Financial Services Provider ("FSP") with licence number 24769. The Company is wholly owned by Telesure Investment Holdings (Pty) Ltd. Ownership Information regarding the ownership of the Company can be accessed on the Company's website - www.telesure.co.za.

As an authorised FSP, the Company is obliged to comply with the prescribed Conflict of Interest provisions of the FAIS Act. This Policy seeks to give effect to section 3A (2) (a) of the General Code of Conduct.

The Company is is obliged to render unbiased and fair financial services to Clients. Accordingly, All employees of the Company who are involved in the business of the Company are obliged to conduct themselves in a professional manner and in line with this Policy and take all reasonable steps to avoid any business activities and/or practices that may create Conflicts of Interest between the Company and Employee interests, and the interests of Clients. In the event that it is not possible to avoid a Conflict of Interest, the Company will take all reasonable steps to mitigate the impact as well as appropriately disclosing any such Conflict of Interest to Clients.

In considering potential Conflicts of Interest, the Company considers: the structure and business activities of the Company; and/or any proposed new business activities of the Company.

The Company has introduced reasonable mechanisms to identify Conflicts of Interest between:

- itself, Employees and Clients; and
- between different Clients.

2. Definitions:

The following terms are defined for ease of reference thereto and in terms of the meaning afforded to the said terms by the FAIS Act as follows:

“associate” -

- A natural person (spouse, life partner or civil union partner, a child (including a step child, child born out of wedlock and a adopted child), a parent or stepparent and any person legally responsible for that person);
- Juristic persons –if a company, all subsidiaries, holding companies and group subsidiaries and other juristic persons and group holding companies and group subsidiaries;
- Persons directing or instructing any type of juristic person; and
- Trusts controlled and administered by the person.

“conflict of interest” - Any situation in which the Company or any of its employees and representatives may have an actual or potential interest that may, in rendering a financial service to a client –

- Influence the objective exercise of the Company’s obligations to a client, or
- Prevent the Company from rendering an unbiased and fair financial service, or from acting in the interest of the client.

“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

- An ownership interest; or
- Training, that is not exclusively available to a selected group of providers 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 accommodation, associated with that training.

“financial service” means any service contemplated in functions set out under the definition of “financial services provider”, including any category of such services.

“financial services provider” means any person, other than a representative, who as a regular feature of the business of such person -

- furnishes advice; or
- furnishes advice and renders any intermediary service; or

- renders an intermediary service.

“interest” - includes but is not limited to a financial interest, ownership interest or any relationship with a third party.

“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 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 financial interest paid to its representatives.

“key individual”, in relation to an authorised financial services provider, or a representative, carrying on business as -

- a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or
- a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person;

“ownership interest” - means any equity or proprietary interest for which the 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 other benefit derived from that equity or ownership interest.

“product supplier” means any person who issues a financial product.

“representative” means any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service-

- does not require judgment on the part of the latter person; or
- does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

“third party” - includes: product suppliers, another provider, associates of product suppliers and providers and distribution channels.

3. Purpose of this Policy:

- 3.1 The purpose of this Conflicts of Interest Management Policy is primarily to provide mechanisms for the identification and management of Conflicts of Interest that may arise in the rendering of financial services to Clients.
- 3.2 It further seeks to adopt measures to avoid any Conflict of Interest, identify the existence of any Conflict of Interest, and to disclose the existence of a conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by the Company's employees and representatives.

4. 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.

5. Leadership:

The Company's Board of Directors oversees the business of the Company 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.

6. The Policy applies to:

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

The associates of the Company, as amended from time to time, include but are not limited to:

Telesure Investment Holdings (Pty) Ltd
1Life Insurance Limited
Auto & General Insurance Company Limited
Budget Insurance Company Limited
Dial Direct Insurance Ltd
Digital Comparative Services (Pty) Ltd
First for Women Insurance Company Limited
Hippo Comparative Services (Pty) Ltd
Jenus Health (Pty) Ltd

Rockport Capital (Pty) Ltd
Telesure Group Services (Pty) Ltd
Unity Financial Services (Pty) Ltd
Upstream Advertising (Pty) Ltd
Wealthport (Pty) Ltd
IS Services (Pty) Ltd

7. Guiding Principle and Treating Customers Fairly

7.1 The guiding principles of this Policy are that the Company 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 fair outcomes for customers, the interest of the clients and the integrity of the Company as well as that of the financial services industry as a whole. Representatives of the Company are discouraged from engaging in situations that will give rise to an actual or potential Conflict of Interest situation.

8. What is allowed under the management of Conflict of Interest:

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

8.1.1 Commission and fees authorised under the Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, provided that the fees are reasonable and commensurate.

8.1.2 Fees for rendering financial services which is not remunerated as set out in clause 8.1 which are specifically agreed to by a client, in writing, and which may be stopped at the discretion of that client.

8.2 Subject to any other law, an immaterial financial interest

8.2.1 Fees or remuneration for rendering of a service to a third party, 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.

8.2.2 A financial interest for which a consideration, 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.

8.3 A FSP/representative can spend up to a maximum of R1000. 00, per calendar year, per FSP and/or a representative. One is obliged to maintain a proper record of any financial interest provided. Attached, marked Annexure "A" is a form which must be used when any financial interest is offered to a FSP and/or its representative. The Key Individual(s) are responsible for updating and to keep safe the Interest Register. Representative(s) who want to access the interest register must request the Key Individual to provide them with copy.

8.4 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 the Company 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 a bribe or a payoff and certainly cannot be in violation of this Policy.

9. Sign-on Bonus

9.1 The Company does not engage in the practice of offering FSPs and representatives sign-on bonuses as an incentive to render financial services on its behalf. The FAIS Act prohibits the offering of a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as a FSP or appointed as a representative by any FSP).

9.2 A sign-on bonus according to the General Code of Conduct is defined as follows –

- (a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider, and
- (b) a financial interest referred to in paragraph (a) includes but is not limited to –
 - (i) compensation for the –
 - (aa) potential or actual loss of any benefit including any form of income, or part thereof, or
 - (bb) cost associated with the provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
 - (ii) a loan, advance, credit facility or any other similar arrangement.

10. Consequences of non-compliance with this Policy:

10.1 Company employees are obliged to report every suspected or actual transgression of this Policy to the Company. All employees should avoid any situation that may create or appear to create a situation which could be deemed to be a Conflict of Interest as, once there is a Conflict of Interest, Company employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

10.2 A violation of this Policy is a serious matter that could cause harm to the Company and also could result in disadvantaging certain of the Company's clients.

10.3 Any employee, of the Company, who fails to comply with this Policy or avoids same through any means, it will be regarded as a breach of his/her employment contract. This will potentially render the individual liable to the appropriate disciplinary proceedings in terms of

the the FAIS Act and Company's Disciplinary Code which may result in the termination of their employment with the Company.

11. Amendments to this Policy:

The Board has adopted this Policy as well as the policies relating to the identified categories of potential Conflicts of Interest. The Board of Directors, without prior notice to or having been in consultation or reaching agreement with any FSP / its representative, may amend this Policy. Material amendments that are made to this Policy shall be made available to all employees on the Intranet and web page.

This Policy will be reviewed an annual basis or as required from time to time;and where necessary, updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate Conflicts of Interest.

12. Measures aimed at identifying Conflict of Interest:

12.1 It is the responsibility of all employees of the Company to maintain the good name and standing of the Company by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern the conduct of the Company.

12.2 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 avoid or prevent any actions that are contrary to the content of this Policy and which could cause any harm to the Company as a result.

12.3 Set out below are various ways in which the Company can identify any Conflict of Interest:

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

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

13. Process, procedures and internal controls aimed at facilitating compliance:

13.1 All Employees must know and understand the Conflicts of Interest Management Policy as well as the policies relating to the identified categories of potential Conflicts of Interests. Appropriate training will be provided to all Employees on a periodic basis.

13.2 The Telesure Learning Academy shall be responsible for the training of all employees within the various business units of the Company on this Conflict of Interest Management Policy. They will be supported, where necessary, by the Company's Compliance Department. The relevant legislative provisions will be highlighted during training, *ad hoc* communications and educational material will be used to highlight the awareness and the importance of compliance with this Policy.

13.3 If any employee at any level within the Company is in any doubt as to whether a particular conduct amounts to a Conflict of Interest or not, that employee must contact his/her immediate manager/supervisor for clarity and guidance.

13.4 Should a manager or supervisor be in doubt as to what would be appropriate, he or she must consult the Compliance Department.

14. Measures aimed at mitigating Conflict of Interest:

14.1 Company 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 client.

14.2 If Company 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 Company by reporting same to their immediate superior. This will enable the Company to decide whether or not to engage with the employee/transgressor in question;

14.3 Company employees who are faced by a Conflict of Interest situation which is unavoidable, must ensure that the necessary disclosures are made to the client.

14.4 Should any employee not be certain about an intended transaction of theirs being a possible transgression of this Policy, the employee must approach the Company's Compliance Department who will evaluate the intended transaction and give guidance;

14.5 The Company may not offer any financial interest to its representatives for:

- Giving preference to the quantity of business secured for the Company to the exclusion of the quality of the service rendered to clients;
- Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to client or
- Giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

- 14.6 The above aims to ensure that, clients are treated fairly and fully protected from undue and uncompetitive behaviour by product suppliers and /or their representatives. The ultimate objective is to ensure that the best possible financial services are rendered to clients at all times.
- 14.7 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.
- 14.8 Depending on the severity of non- compliance on the part of Representatives the following actions can be taken:
- Written warning;
 - Training can be recommended;
 - Coaching;
 - Dismissal; or
 - Penalty in the form of a deduction of commission earned by the Representative.
- 14.9 In situations where it is "impossible" to avoid a 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.
- 14.10 Please see attached, a document marked Annexure "B" which illustrates Conflict of Interest situations.

15. Publication and reporting:

This Policy is available on the Company's website .The Company's annual FAIS Compliance Management report will include a report on accessibility, implementation, monitoring and compliance of this Policy.

16. Management of Conflict of Interest:

This Policy forms part of the risk management framework of the Company. The Compliance Department is responsible for the maintenance of this Policy so as to ensure that the policy remains relevant and appropriate to meet the statutory requirements. The Compliance Department is also accountable for the monitoring and reporting of non- compliance with this Policy. All queries regarding this Policy can be directed to the Compliance Department.

ANNEXURE "A"

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

ANNEXURE "B"

- On 30 April 2011 Broker "B" received Rugby match tickets to the value of R800.00 from its associated company, namely Insurer "L". The same year, and on 30 June 2011, Broker "B" further received Pens, T-shirts, desktop calendars, banners, and other items to the value of R3 700.00 from the same insurer. Broker "B" failed to record this in their interest register.
 - Broker "B" consultants receive shopping vouchers for selling insurer "L"s products.
 - Broker "B" received additional commission from its associate in excess of the commission regulations from insurer "L".

- From 10 May 2011 to 05 July 2011 Broker "H" sold 5000 "Home content covers" of insurer "G" and sold a mere 70 "Home content policies" of Insurer "D". Around the same period, Broker "H" sold 11 "Home content cover" of Insurer "L". As a result Broker "H" receive R50 000.00 as an incentive for selling large number of policies. Broker "H" failed to sell a sizeable number of policies on behalf of Insurer "D" and "L".
 - Consultants are offers free holiday for selling large numbers of insurer "G" s products even though Insurer "L" and "D" might be suitable to client's needs.
 - Broker 'H receives from insurer "G" commission in excess of the commission regulations.

The above is a contravention of the Conflict of Interest Management Policy and must be avoided. The interest received must be disclosed on the interest register.

Approved on behalf of the Board of Directors.