

CONFLICT OF INTEREST MANAGEMENT POLICY

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.

1Life 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. 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.

2. Purpose of this Policy:

This Policy seeks to adopt measures to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of 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.

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 Company’s Board of Directors oversee 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 is 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.

5. 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.

An associate in terms of Section 1 of the General Code of authorised Financial Services Provider and Representatives, in relation to a juristic person, which is a company, means any subsidiary or holding company of that company, any other subsidiaries of that holding company and any other company of which that holding company is a subsidiary.

1Life Insurance Ltd's associates are:

- Auto and General Insurance Company Limited
- Budget Insurance Company Limited
- Budget Insurance Brokers (Pty) Ltd
- Budget Holdings Limited
- Dashpay (Pty) Ltd
- Dial Direct Insurance Limited
- Douw Steyn Properties (Pty) Ltd
- Elected Investments (Pty) Ltd
- First For Women Insurance Company Limited
- GIP Construction (Pty) Ltd
- Hippo Comparative Services (Pty) Ltd
- Jenus Health (Pty) Ltd
- Napier Gardens (Pty) Ltd
- No1 Queens Road Property (Pty) Ltd
- One Call Insurance Brokers (Pty) Ltd
- Ponte Vedra Warehousing (Pty) Ltd
- Shambala Game Reserve (Pty) Ltd
- Shambala Management (Pty) Ltd and
- Saxon Hotel (Pty) Ltd
- Steyn City Properties (Pty) Ltd
- Telesure Group Services (Pty) Ltd
- Telesure Investment Holdings (Pty) Ltd
- Upstream Advertising (Pty) Ltd

6. Definition of Conflict of Interest:

Conflict of Interest means any situation in which a Financial Services Provider ("an FSP") or a representative of that FSP, has an actual or potential interest that may, in rendering a financial service to a client-

6.1 influence the objective performance of his, her or its obligations to that client; or

6.2 prevent an 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 third party;

The guiding principles of this Policy are that the Company and its representatives must, when rendering intermediary 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 Company 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, specialised technological systems of a third party that are necessary for the rendering of a financial service excluding travel and accommodation associated with that travel.

8. What is allowed under Conflict of Interest management:

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

- 8.1 Commission - fees under Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, provided that the fees and commissions 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, 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;
- 8.3 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.

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 same 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 representative on amongst other things, training, vouchers, provision of marketing materials etc. 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 service provider and/or its representative. The Key Individual(s) are responsible for updating and safe-keeping

of the Representative Register. Representative(s) who want to access the interest register must request the Key Individual to provide them with copy.

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 with this Policy:

Company employees are obliged to report every suspected or actual transgression of this Policy to the Company 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, Company employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

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

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

10. Amendments to this Policy:

The Company 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 Company 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 Company may make to this Policy shall be communicated to Company employees.

11. Measures aimed at identifying Conflict of Interest:

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 Company.

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 Company as a result.

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

- use of the Company 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 Company on a continual basis.

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

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 Company 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 Company 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 Company 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 Head of the Risk and Compliance Department.

13. Measures aimed at mitigating Conflict of Interest:

Company employees should avoid engaging in activities which will result into a conflict of interest. One must not use improper means to, for example, obtain business from a particular representative/broker.

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.

Company 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 Company's Risk and Compliance Department who will evaluate the intended transaction and give guidance.

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 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.

The above aims to ensure that clients are fully protected from undue and uncompetitive behaviour by product suppliers and/or their representatives. The

ultimate objective is to ensure that clients at all times receive the best possible advice and /or intermediary service.

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.

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 a form of deduction of commission earned by Representative

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.

Please see attached, a document marked **Annexure B** which illustrates Conflict of Interest situations.

14. 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.

15. Management of Conflict of Interest:

This Policy forms part of the risk management framework of the Company. The Risk and Compliance Department of the Company is responsible for the identification and management of any existence of Conflict of Interest. All queries regarding this Policy can be directed to Head of the Risk and 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"

- Insurer DD gave brokers CC and BB, the intermediaries that sell "Life products" on DD's behalf R700.00 each to cover the travelling costs of their agents in June 2011. The same year on 01 July 2011, Insurer DD gave Brokers CC and BB R800.00 each for training.
 - Brokers CC and BB received incentives on number of policies sold on DD's behalf without regard to the quality thereof.
 - Consultants are offered free holiday if they sell the products of insurer DD even though another insurer's products might be more suitable to the client's needs.

- On 05 July 2011 Insurer XY gave broker GL rugby tickets to the value of R5000.00. This gesture by Insurer XY was as a result of the highest number of Life policies that Broker GL sold on the insurer's behalf. Broker GL achieved the highest number of sale by not considering other life policies that insurer AA offers, which Broker GL is, in terms of its arrangement with Insurer AA, supposed to sell (i.e. other long-term insurance policies that offer customers more benefits were not considered).
 - Insurer XY and GL's consultants offer a free holidays if they sell more life policies of insurer XY.
 - Insurer XY incentivises Broker GL by paying the broker additional fees 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.