

FAIS Conflict of Interest Management Policy



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1. Introduction

In line with the requirements of the General Code of Conduct for Authorized Financial Service Providers and Representatives (the Code), as amended, promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act 37 of 2002 (FAIS) the board of 3Sixty Life Limited adopted a conflict of interest management policy to ensure appropriate management of conflict of interest by the organization. 3Sixty Life Limited as a registered Financial Services Provider recognizes its obligations to those whom it deals with, namely shareholders, employees, customers, suppliers, contractors, agents and the community at large and that 3Sixty Life Limited should maintain the highest ethical standard when carrying out its obligations.

Policy Statement

3Sixty Life Limited is committed to avoiding, and where this is impossible, mitigating any conflict of interest that may arise between 3Sixty Life Limited or its employees and its agent companies or intermediaries when rendering financial services in respect of special perils products that it offers to its clients/policyholders through its network of agent's companies. 3Sixty Life Limited further commits itself to conducting its business in a fair, ethical and honest manner in the interests of its stakeholders and the insurance industry.

2. Regulatory Framework

The regulatory framework for the Conflict of Interest Management Policy is provided by –

- 3.1 Financial Advisors and Intermediary Services Act 37 of 2002 (FAIS)
- 3.2 General Code of Conduct for Authorized Financial Service Providers and Representatives (issued in terms of FAIS)
- 3.3 Financial Sector Conduct Authority Notice 56 of 2018
- 3.4 Prevention and Combating of Corrupt Activities Act, 2004
- 3.5 Companies Act, 18 of 2013
- 3.6 Public Finance Management Act, 1 of 1999
- 3.7 King IV Code Report on Corporate Governance, 2016

3. Purpose of this Policy

The policy is aimed at assisting 3Sixty Life Limited, the board, managing executives and employees to identify and declare potential or actual conflicts of interest and to illustrate how to manage same.

The policy further aims to reduce the risk of damages or losses that may arise from unmanaged or undisclosed conflicts of interest. All Life Limited employees must at all times be faithful to the company and ensure that they will not allow their personal interests to conflict with the interests of 3Sixty Life Limited clients and / or agent companies.

4. Policy Implementation

4.1 Applicability of Policy

This policy applies to all 3Sixty Life Limited employees including directors, permanent and temporary staff, agents, consultants and contractors and their immediate family members.

It is the responsibility of all employees to familiarize themselves with the contents of the policy and proactively seek guidance from the Compliance Officer in cases of uncertainty.

3Sixty Life Limited management are responsible to educate staff members within their respective areas of work on this policy.

4.2 What is Conflict of Interest?

- Sixty Life Limited adopts the statutory definitions set out in Board Notice 58 of 2010
- Financial Advisory and Intermediary Services Act (FAIS), 2002: Amendment of the General
- Code of Conduct for authorized Financial Services Providers and Representatives as

follows:

“conflict of interest” means – Any situation in which a provider or a representative 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 a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client, including but not limited to – (i) a financial interest; (ii) an ownership interest; (c) any relationship with a third party;

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“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 – (a) an ownership interest; 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 industry information; (iii) specialized technological systems of a third party necessary for the rendering of a financial service; but **excluding** travel and accommodation associated with that training;

“third party” means – A product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

5.2.2 In light of the above 3Sixty Life Limited or its representatives may only receive from, or offer to, its agent companies the following forms of financial interests: (a) commission as prescribed and authorized under the Long-Term Insurance Act 53 of 1998; (b) fees that are reasonably commensurate with the services rendered by its agent companies and authorized under the Long-Term Insurance Act 53 of 1998; (c) fees or remuneration for the rendering of service to a third party, which fees or remuneration are commensurate to the service being rendered;(d) offer subject to any other law, immaterial financial interest.

5.2.3 3Sixty Life Limited in the course of running its business acknowledges that it offers complex products and underwriting methodologies and philosophies of its different from its agent companies vary. Whilst the agent companies utilize 3Sixty Life Limited underwriting methodologies as prescribed in its 3Sixty Client Solution’s Regulations, 3Sixty Life Limited is often confronted with agent companies’ employees or representatives who are not *au fait* with 3Sixty Life Limited business model and underwriting. As such, 3Sixty Life Limited will provide training interventions to agent companies on 3Sixty Client Solution products and Claims management. 3Sixty Life Limited undertakes no obligation to compensating agent’s employees or representatives for traveling and accommodation incurred as a result of attending training.

5.3 Mechanisms for Identifying Conflict of Interest

The test that must be applied to identifying or establishing conflict of interest entails the question whether the conflict or potential conflict of interests may influence or have a potential to influencing the 3Sixty Life Limited employee or representative concerned judgment or objectivity when performing his or her duties.

5.4 Measures for Avoiding or Mitigating of Conflict of Interest

5.4.1 Employees are obliged to identify and disclose any situation where an actual or potential conflict of interest is identified.

5.4.2 Every 3Sixty Life Limited employee who suspects an actual or potential conflict of interests has a responsibility to immediately disclose the matter or situation that may lead to conflict to his or her line manager.

5.4.3 Employees are required to annually declare, conflicts of interests using the 3Sixty Life Limited prescribed form for Declaration of Employees Interests.

5.4.4 The declaration referred to in 7.3 below has to be updated by 30 September of the same year.

5.4.5 In addition employees are required to declare interests on any items dealt with at meetings of all forums or committees they sit in as members or by invitation.

5.4.6 An employee is further required to update the Compliance Function in writing within thirty (30) days of registration of a new business by such employee.

5.4.7. The Compliance Officer shall keep and maintain a Conflict of Interest and Gifts Register.

5.4.7.1 The Gifts Register will be used to record and disclose any gifts received by 3Sixty Life employees and by 3Sixty Life Limited as a company from another Financial Services Provider (FSP) as well as gifts given out by 3Sixty Life Limited employees and by 3Sixty Life Limited as a company to any FSP.

5.4.7.2 Employee must declare all gifts they receive from, or give out to, an FSP, or any other source or recipient, while in the employ of 3Sixty Life Limited.

5.4.7.3 In terms of the FAIS General Code of Conduct the maximum value of a gift that can be received from or given out to an FSP should not exceed R1000.00 (One Thousand Rand) from or to the same party. A gift to the value of R1000.00 (immaterial financial interest) must still be authorized by the relevant Managing Executive

5.4.7.4 The maximum value of a gift that can be received from a stakeholder other than an FSP or given out to an FSP should not exceed R5 000.00 (Five Thousand Rand) per person per gift per annum from or to the same party.

5.4.7.5 No gifts should be accepted from, or given out to, any party involved in a tender process with 3Sixty Life Limited during the tender period that is from the time of drafting the request for proposals and up to at least 12 months after the tender period. If a gift was received or given 12 months before a tender period the employee concerned should make a special declaration of such gift as soon as they become aware of a tender process that has a potential of involving the party that gave or received a gift.

- 5.4.7.6 Any tax implications of a gift shall be of the recipient of the gift. All gifts should be declared to the South African Revenue Service (SARS).
- 5.4.7.7 Any undesirable gifts that are unethical or unacceptable in normal society or To 3Sixty Life Limited should not be accepted or given out to stakeholders.
- 5.4.7.8 Receipt of gifts from, or giving of gifts to, undesirable sources such as competitors, criminals and other, is not allowed.
- 5.4.8 Where the interest that may manifest concerns ownership or is relating to a third party, the employee, upon identifying such interest shall: -
- 5.4.8.1 Disclose and communicate to the Compliance Officer any ownership interests or relationships with the third party which may create a conflict of interest situation where employee's judgment or objectivity when performing 3Sixty Client Solution 's tasks is compromised.
- 5.4.8.2 The disclosure referred to above shall be made by all employees at regular intervals. In respect of new employees such disclosure shall be made at the commencement of employment with 3Sixty Life Limited.
- 5.4.8.3 The disclosure in respect of all other employees shall be made on an annual basis.
- 5.4.8.4 Where conflict is imminent to decision making, the disclosure shall be made before undertaking such task or at the beginning of decision-making process.
- 5.4.8.5 The aforesaid disclosures shall be made on the prescribed form attached hereto and marked Annexure A, obtainable from the Compliance Officer.
- 5.4.8.6 Board members must complete the attached prescribed form marked Annexure B, also obtainable from the Compliance Officer or the Company Secretary.
- 5.4.8.7 Managing executives, managers and staff must complete their disclosures in Annexure A and forward to the Compliance Officer who, together with the Managing Director, will be the final arbiters for permissibility.
- 5.4.8.8 Conflict of Interest involving the managing director or acting managing director shall be referred to the board for approval.

5.4.9 Where the interest concerned is a financial interest –

5.4.9.1 Cash or Cash Equivalent

Employees shall in no way accept any cash or cash equivalent including vouchers, coupons or shares from a third party, and other.

5.4.9.2 Gifts

Employees shall not accept any gifts from third parties, unless these are in the form of tokens (such as for example branded note pads, bags, pens, t-shirts) or consumables in a form of, for example, chocolates, flowers, bottle of liquor and other).

5.4.9.3 Hospitality

All hospitality must be declared. However, the acceptance of hospitality should not create an expectation of desired outcome.

5.4.9.4 Immaterial financial interest

Immaterial financial interest to the value of R 1000.00 per person per company annually is

allowed. The amount must be spent on token or hospitality gifts. An expenditure that is regarded immaterial financial interest incurred must still be authorized by the relevant Managing Executive.

5.5 Internal Controls

5.5.1 3Sixty Life Limited Compliance Officer shall designate one of its employees to maintain the Conflict of Interest and Gifts Registers and shall from time to time notify employees of the name and contact details of the designated employee so appointed.

5.5.2 The Compliance Officer together with the designated employee shall be responsible for monitoring and reporting on compliance with this Policy.

5.5.3 Quarterly reporting on level of compliance with the policy will be reported on to the management governance committees, relevant board committees, the board and the Shareholder.

6. Roles and Responsibilities

6.1 Board of Directors and individual Board members

- (a) The Board is responsible for approval of the policy.
- (b) Individual board members are responsible for ensuring that they disclose their directorships annually and also disclose any conflict or potential conflict of interests.

6.1 Social and Ethics Committee

The committee is responsible for reviewing and recommending the policy and any proposed changes to the policy for board approval.

6.2 Executive Committee (Exco) and Managing Executives

- (a) The Exco is responsible for recommending the policy and any proposed changes and updates to the policy to the Social and Ethics Committee for onward recommendation of these for Board approval.
- (b) Managing Executives are responsible for authorizing the giving and acceptance of gifts to the maximum amount allowed in terms of this policy and the FAIS General Code of Conduct.

6.3 Compliance Officer

- (a) Monitoring of compliance with policy.
- (b) Facilitating disclosures of interests of board members and staff and keeping records of these.
- (c) Quarterly reporting on level of compliance with the policy will be reported on to the management governance committees, relevant board committees, the board and the Shareholder.
- (d) Training of staff and board members on the policy.
- (e) Recommending changes and updates to the policy to the Executive Committee for onward recommendation of these to the Social and Ethics Committee of the Board.

6.4 Staff

All staff members are responsible to ensure that they have disclosed and updated their disclosures of conflicts of interests and gifts as required in terms of this policy.

7. Failure to Apply or Adhere to the Policy

3Sixty Life Limited views its Conflict of Interest Policy in a serious light and failure by any employee to adhere to this Policy constitutes misconduct and may result in disciplinary action being taken against such employee in accordance with 3Sixty Client Solution's human capital policies, as amended from time to time.

8. Policy Review Process

This policy is one of the material policies reserved for Board approval and shall be subject to the following review and approval process:

- 8.1 The Executive Manager: Governance and Secretariat will recommend any changes to this policy to the Executive Committee.
- 8.2 The Executive Committee will recommend the changes to the Social and Ethics Committee of the Board, who will in turn submit their approved recommendations to the Board for approval.

