

# Conflict of interest management policy

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**BRIGHTROCK**

## Contents

1	Terminology.....	3
2	Purpose and objective.....	5
3	Policy scope.....	5
4	Procedures and controls .....	6
4.1	Dealings with intermediaries (FSPs).....	6
4.2	Identifying conflicts of interest.....	6
4.3	Avoiding conflicts of interest.....	7
4.4	Consequences of Non-Compliance.....	7
4.5	Reducing the impact of conflicts of interest that cannot be avoided.....	8
4.6	Making our Conflict of Interest Policy accessible .....	8
4.7	Financial interests received and how they comply with this policy.....	8
4.8	Disclosure .....	8
5	Ownership interest .....	8
6	Enquiries and complaints .....	8

# 1 Terminology

Term	Meaning
Associate	<p>a) in relation to a natural person, means -</p> <ul style="list-style-type: none"> <li>(i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;</li> <li>(ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;</li> <li>(iii) a parent or stepparent of that person;</li> <li>(iv) a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;</li> <li>(v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);</li> <li>(vi) a person who is in a commercial partnership with that person.</li> </ul> <p>b) in relation to a juristic person -</p> <ul style="list-style-type: none"> <li>(i) which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;</li> <li>(ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;</li> <li>(iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first mentioned juristic person-</li> <li>(aa) had such first-mentioned juristic person been a company; or</li> <li>(ab) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;</li> <li>(iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.</li> </ul> <p>c) in relation to any person -</p> <ul style="list-style-type: none"> <li>(i) means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;</li> <li>(ii) includes any trust controlled or administered by that person.</li> </ul>
BrightRock	Refers to BrightRock Life Limited, company registration no:1996/014618/06, FSP 11643 and BrightRock (Pty) Ltd company registration no: 2011/004232/07, FSP 43237 wholly owned subsidiaries of BrightRock Holdings (Pty) Ltd.
Compliance Officer	Refers to the BrightRock FAIS approved Compliance Officer.
Client or policyholder	Someone who has taken out one of our policies. This could be a customer of one of our financial advisers or someone to whom we've sold a policy directly.
Conflict of interest	<p>This may occur when providing a financial service to a client and when one party has an actual or potential interest that may:</p> <ul style="list-style-type: none"> <li>● influence the objective performance of its obligations to another party; or</li> <li>● prevent them from rendering fair and unbiased financial services to that party, or</li> <li>● from acting in the best interest of that client, including, but not limited to –</li> </ul>

Term	Meaning
Employee	For the purpose of this policy, will include: <ul style="list-style-type: none"> <li>● All directors and full-time employees of any associate of BrightRock;</li> <li>● All temporary contracted employees;</li> <li>● All employed or contracted representatives including independent financial advisers.</li> </ul>
Exco	Executive Committee of BrightRock.
FAIS Act	Means the Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended from time to time.
Fair value	Means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973).
Financial adviser	Financial services providers and their authorised representatives with whom we've entered into a business relationship. This term also includes representatives who are directly employed by BrightRock.
Financial interest	Includes cash and cash-equivalent, a voucher, a gift, a service, an advantage, a benefit, a discount, domestic or foreign travel, hospitality, accommodation, sponsorship, incentive and relationships with third parties except: <ul style="list-style-type: none"> <li>● An ownership interest (equity/shares);</li> <li>● Training that is not exclusively available to a selected group of providers or representatives, on: <ul style="list-style-type: none"> <li>○ Products and legal matters relating to those products;</li> <li>○ General financial and industry information;</li> <li>○ Specialised technological systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with that training;</li> </ul> </li> <li>● A qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.</li> </ul>
FSCA	Refers to the Financial Sector Conduct Authority.
Financial Service	Means any service contemplated in paragraph (a), (b) or c) of the definition of "financial services provider", including any category of such services.
Financial Services Provider (FSP)	Means any person, other than a representative, who as a regular feature of the business of such person – <ul style="list-style-type: none"> <li>● furnishes advice; or</li> <li>● furnishes advice and renders any intermediary service; or</li> <li>● renders an intermediary service.</li> </ul>
Immaterial financial interest	Any financial interest with a monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by: <ul style="list-style-type: none"> <li>● A provider who is a sole proprietor; or</li> <li>● A representative for that representative's direct benefit;</li> <li>● A provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.</li> </ul>
Ownership interest	Means - <ul style="list-style-type: none"> <li>● any equity or proprietary interest, for which 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</li> <li>● includes any dividend, profit share or similar benefit derived from that equity or ownership interest.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● A course of action or principle adopted by BrightRock, which may be aligned to the policies of the Sanlam Group and, depending on the scope, has been approved and adopted by the BrightRock Board.</li> </ul>

Term	Meaning
Provider	Means an authorised Financial Service Provider or FSP (as defined above) registered as such with the FSCA and includes a Representative of such an FSP.
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 – <ul style="list-style-type: none"> <li>● does not require judgment on the part of the latter person; or</li> <li>● b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.</li> </ul>

## 2 Purpose and objective

We're committed to ensuring that we conduct our business in the highest standards of good corporate governance, which includes complying with all the relevant Acts, including, but not limited to, the FAIS Act. This Act sets out how we should manage conflicts of interest. We'll always do everything we reasonably can to identify, manage, mitigate and disclose conflicts of interest.

We've implemented this policy to safeguard our clients' interests and ensure we treat them fairly. The objective of the Conflict of Interest Management policy is to provide a framework within which we can address the areas where conflicts of interest may arise, and to align it with the principles of Treating Customers Fairly (TCF). We've set out the most important aspects below. If you want to know more about the organisational and administrative arrangements in place, you can contact our Compliance team at [compliance@brightrock.co.za](mailto:compliance@brightrock.co.za).

BrightRock is a licensed FSP and this policy is applicable to BrightRock in its capacity as an FSP. BrightRock specialises in needs-matched life insurance. We determine the remuneration we pay to various intermediaries on a case-by-case basis, in line with industry commission regulations. We clearly disclose commission payments to our clients in their policy documentation.

We offer our policyholders total peace of mind through products designed to meet their specific needs.

Like any financial services provider, we are potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern, and this policy ensures we always put their interests first and have a framework in place that will help us manage any conflicts of interests that may arise. Various operational areas within BrightRock are responsible for implementing this policy (within their different areas), with the guidance of our Compliance team. The Compliance team monitors the implementation of this policy.

## 3 Policy scope

This policy reflects BrightRock's commitment to doing business ethically and honestly by acting in the interests of its policyholders. This policy therefore binds all employees and financial advisers. In the course of conducting the business of BrightRock, employees and financial advisers may encounter situations that result in a conflict between the interests of the employee, the financial adviser, BrightRock and the interests of a policyholder. This policy is intended to guide the decision-making and the behaviour of employees and financial advisers when faced with such situations. The general guiding principle is that employees and financial advisers are required to avoid conflict of interest at all times.

A conflict of interest may arise out of the employee's or financial adviser's relationship with a third party, or from an ownership interest the employee or financial adviser has with a third party, or from a financial interest the employee or financial adviser has or may have in a third party.

When interacting, irrespective with whom, it is imperative that employees and financial advisers ask themselves these questions:

- If my client knew this, would they still do business with me or complete the transaction?
- Does this situation influence the objective performance of my obligations to my client?
- Does this situation prevent me from rendering an unbiased and fair financial service to my client?

The receipt or the offer of a financial interest is prohibited where this interferes with or may interfere with the employee's or financial adviser's ability to render a financial service to a client in an unfair, biased or subjective manner.

## 4 Procedures and controls

### 4.1 *Dealings with intermediaries (FSPs)*

To facilitate compliance with the FAIS Act and with this policy, all financial advisers are limited to earning from BrightRock only the following:

- no more than Statutory Commission set out in the Long-term Insurance Act;
- fees authorised under the Long-term Insurance Act, if those fees are reasonably commensurate with a service being rendered;
- fees for the rendering of a service to a third party where such fees are reasonably commensurate with the service being rendered;
- an immaterial financial interest that may not exceed R1,000 per annum. We'll record the details of any such immaterial financial interest offered or accepted in the immaterial financial interest register.
- a financial interest, not referred to above.

4.1.1 The entertainment of intermediaries is limited to a sum of R1,000 per annum. This limit applies to the individual representative at an FSP if the expense is for the direct benefit of the representative. If the benefit is for the direct benefit of the FSP, however, then no further benefit may be paid to that FSP or any representative of that FSP.

4.1.2 An employee who has an interest in an intermediary that transacts business with BrightRock must disclose this interest. The disclosure of the interest does not necessarily cure the conflict and BrightRock may, at its discretion, require further steps from the employee in order to manage the conflict of interest.

4.1.3 We will not offer financial interest to any intermediary/financial adviser for:

- securing a large quantity of new applications without due regard to the quality of service they provide;
- giving preference to us where more than one supplier could be recommended to a potential policyholder;
- giving preference to a specific BrightRock product where more than one of our products could be recommended to a potential policyholder.

4.1.4 Permissible business activity

We recognise that certain business situations and circumstances are legitimate and necessary, and don't represent a possible conflict of interest. This may be because there's no policyholder interest at stake, or because the valuable consideration in question can't be meaningfully valued in monetary terms.

These permissible activities and situations include:

- Advertising and marketing
- Brand awareness or brand-building activity
- Training
- Corporate social responsibility
- Internal employee recognition awards
- Enterprise development
- Profit share and other arrangements in terms of binder regulations.

### 4.2 *Identifying conflicts of interest*

Where an employee is in a potential conflict-of-interest situation, they – or the person who becomes aware of the potential conflict – must immediately report it to the BrightRock Compliance team.

4.2.1 We've put mechanisms in place to ensure that we do the necessary checks, as far as we reasonably can, to ensure that we identify conflicts of interest (where possible).

4.2.2 We do so by evaluating whether we or any of our employees, or financial advisers we do business with:

- 4.2.2.1 are likely to make a financial gain, or avoid a financial loss, at the expense of the policyholder;
- 4.2.2.2 have an interest in the outcome of a service provided to the policyholder, which is distinct from the policyholder's interest in that outcome;

- 4.2.2.3 have a financial or other incentive to favour the interests of either a financial adviser or another policyholder over the interests of a policyholder;
- 4.2.2.4 will receive a financial or cash-equivalent benefit (beyond the standard commission or fee) from a person other than the policyholder in relation to a service provided to the policyholder.

### 4.3 **Avoiding conflicts of interest**

- 4.3.1 Once a potential conflict of interest has been identified, we evaluate it and manage it appropriately.
- 4.3.2 Our Compliance and management teams then agree on the controls that must be put in place to manage the conflict of interest.
- 4.3.3 We've implemented the following measures to manage potential conflict of interest:
  - 4.3.3.1 **Training** – We educate our financial advisers and employees about this policy and monitor their adherence. All our employees are educated on the general code of conduct applicable to financial services providers as well as this policy.
  - 4.3.3.2 **Repercussions for non-compliance** – We deal strictly with non-compliance with this policy and offenders will be subject to disciplinary procedures in terms of both FAIS and their employment contract.
  - 4.3.3.3 **Monitoring** – We conduct **ad hoc checks** on business transactions to ensure compliance with the policy.
  - 4.3.3.4 **Reporting** – The Compliance Function's duties include monitoring the Conflict of Interest policy.
  - 4.3.3.5 **No circumvention tolerated** – No person may avoid, limit or circumvent, or attempt to avoid, limit or circumvent, compliance with this Policy, either directly or by association.
  - 4.3.3.6 **Executive review** – We'll review and, if necessary, update this policy annually.
  - 4.3.3.7 **Structures** – We will use a matrix index of real or perceived potential conflict risks and establish a conflict of interest register.
  - 4.3.3.8 **Personal accountability** – All employees and individuals subject to this policy are responsible for identifying specific instances of conflict and notifying BrightRock's management or the Compliance team of any conflicts they discover. If an employee is in breach of this policy, we may institute disciplinary action against them (in accordance with our HR policy).
  - 4.3.3.9 **Information barriers** – We restrict access to certain areas and maintain IT systems, IT folders, an IT access control policy and a clean desk policy – this prevents inappropriate use of client information.
  - 4.3.3.10 **Gifts and entertainment policy** – We have an internal 'gift' policy to ensure that we maintain the highest standards of ethics and impartiality.
  - 4.3.3.11 **Declining to act** – We may decline to act for a policyholder in cases where we believe the conflict of interest cannot be managed in any other way.
- 4.3.4 We consider the controls above appropriate to enable us to act impartially in each instance of a potential conflict and avoid harming policyholders' interests. Where necessary, our Compliance team is responsible for managing and updating the policy to ensure that it remains effective.

### 4.4 **Consequences of non-compliance**

- The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act, is an amount of up to R1 million or a period of imprisonment for up to 10 years.
- The FSCA (Registrar of FAIS) is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.
- Employees' failure to make the necessary disclosures could be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of BrightRock's Disciplinary Code.
- Certain transgressions of this policy may result in civil or criminal prosecution.

#### **4.5 Reducing the impact of conflicts of interest that cannot be avoided**

Should a conflict of interest arise, which can't be avoided, we'll immediately advise the affected parties about the conflict in writing. We'll set out the nature and extent of the conflict of interest and, where appropriate, give the affected parties the opportunity to decide whether to continue using our services.

#### **4.6 Making our Conflict of interest policy accessible**

We'll publish our Conflict of Interest policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times. Should any member of the public, regulatory body or supervisory body request a copy of this policy, the policy will be made available immediately.

#### **4.7 Financial interests received and how they comply with this policy**

We'll regularly inspect all commissions, fees and financial interests proposed or received in order to avoid non-compliance with this policy.

#### **4.8 Disclosure**

When we can't avoid or mitigate a conflict, or where the measures in point 4.3 don't sufficiently protect our policyholders' interests, we'll disclose the conflict to allow the affected parties to make an informed decision on whether to continue using our service.

## **5 Ownership interest**

BrightRock is a wholly owned subsidiary of BrightRock Holdings (Pty) Ltd. Sanlam Life Limited is the shareholder of BrightRock Holdings (Pty) Ltd.

## **6 Enquiries and complaints**

If you have any questions or require any further information concerning this policy, please contact [compliance@brightrock.co.za](mailto:compliance@brightrock.co.za). A copy of our complaints handling process is available on request from our Complaints Officer at [complaints@brightrock.co.za](mailto:complaints@brightrock.co.za).

Our website is: [www.brightrock.co.za](http://www.brightrock.co.za).