

Conflict of Interest Management Policy

BrightRock Life Ltd
FSP Number: 11643

1. Introduction

- 1.1. We're committed to ensuring that we conduct our business in the highest standards of good corporate governance, which includes complying with all the necessary Acts, including, but not limited to, the Financial Advisory and Intermediary Services (FAIS) Act, 2002. This Act sets out how we should manage conflicts of interest. We will always do all we reasonably can to identify, manage, mitigate and disclose conflicts of interest.
- 1.2. We've put this policy in place 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 we've made, you can contact our compliance officer at compliance@brightrock.co.za.

2. What we do – doing it our way

- 2.1. BrightRock Life Ltd is an authorised financial services provider and registered insurer (Company registration no: 1996/014618/06, FSP 11643). **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.
- 2.2. We offer our policyholders total peace of mind through products designed to meet their specific needs.
- 2.3. 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.
- 2.4. 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 facilitates and monitors the implementation of this policy.

3. Definitions

- 3.1.1. When we use the term '**financial adviser**' we refer to the financial services providers and their authorised representatives with whom we've entered into a business relationship. This term also includes financial advisers who are directly employed by BrightRock.
- 3.1.2. We use the terms '**client**' or '**policyholder**' to mean 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.
- 3.1.3. When providing a financial service to a client, '**conflicts of interest**' occur when one party has an actual or potential interest that may:
 - 3.1.3.1. influence the objective performance of its obligations to another party; or
 - 3.1.3.2. prevent them from rendering fair and unbiased financial services to that party, or from acting in the best interest of that client.
- 3.1.4. '**Interest**' includes ownership, financial and cash-equivalent benefits, and relationships with third parties.

4. How do we identify conflicts of interest?

- 4.1. In determining whether a potential conflict of interest exists, we consider whether there is a material risk of damage/s to the financial adviser or policyholder.
- 4.2. 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 (where possible).
- 4.3. We do so by evaluating whether we or any of our employees or financial advisers we do business with:
 - 4.3.1. are likely to make a financial gain, or avoid a financial loss, at the expense of the policyholder;
 - 4.3.2. have an interest in the outcome of a service provided to the policyholder which is distinct from the policyholder's interest in that outcome;

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

5. How will we avoid conflicts of interest?

5.1. Procedures and control mechanisms:

- 5.1.1. Once a potential conflict of interest has been identified, we evaluate it and manage it appropriately.
- 5.1.2. Our compliance and management teams then agree on the controls that need to be put into place to manage the conflict.
- 5.1.3. We've put the following measures in place to manage potential conflict of interest:
 - 5.1.3.1. **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.
 - 5.1.3.2. **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.
 - 5.1.3.3. **Monitoring** – BrightRock's key individual responsible for monitoring our compliance with conflict of interest regulations will conduct **ad hoc checks** on business transactions to ensure compliance with the policy.
 - 5.1.3.4. **Reporting** – The compliance officer's duties include monitoring of the conflict of interest policy and reporting on it in the annual compliance report. The compliance officer is also responsible for submitting the report to the Registrar, on request.

- 5.1.3.5. **No circumvention tolerated** – No person may avoid, limit or circumvent, or attempt to avoid, limit or circumvent, our compliance with this policy, either directly or by association.
 - 5.1.3.6. **Executive review** – We'll review and, if necessary, update this policy annually.
 - 5.1.3.7. **Structures** – We will use a matrix index of real or perceived potential conflict risks and establish a conflict of interest register.
 - 5.1.3.8. **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).
 - 5.1.3.9. **Information barriers** – We restrict access to certain areas and maintain IT systems, IT folders, an IT access control policy and a clean desk policy, all of which prevent inappropriate use of client information.
 - 5.1.3.10. **Gifts and entertainment policy** – We have an internal 'gift' policy to ensure that we maintain the highest standards of ethics and impartiality.
 - 5.1.3.11. **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.
- 5.1.4. We consider the above controls 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.

6. How will we reduce the impact of conflicts of interest that cannot be avoided?

- 6.1. Should a conflict of interest arise which cannot be avoided, we will immediately advise the affected parties about the conflict in writing. We will 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.

7. How will we make public our conflict of interest policy?

- 7.1. We will publish our conflict of interest policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

8. What financial interests do we receive and how do they comply with this policy?

- 8.1. We are only entitled to receive commissions authorised in terms of applicable legislation; or
- 8.2. We are entitled to receive fees authorised in terms of applicable legislation for services rendered to a third party if those fees are reasonably commensurate to the service; or
- 8.3. We are entitled to receive an immaterial financial interest as defined in FAIS; or
- 8.4. We will not offer financial interest to any financial adviser for:
 - 8.4.1. securing a large quantity of new applications without due regard to the quality of service they provide;
 - 8.4.2. giving preference to us where more than one supplier could be recommended to a potential policyholder;
 - 8.4.3. giving preference to a specific BrightRock product where more than one of our products could be recommended to a potential policyholder.
- 8.5. We will regularly inspect all commissions, fees and financial interests proposed or received in order to avoid non-compliance with this policy.

9. Disclosure

- 9.1. When we can't avoid or mitigate a conflict, or where the measures in point 5 don't sufficiently protect our policyholders' interests, we will disclose the conflict

to allow the affected parties to make an informed decision on whether to continue using our service.

10. Immaterial financial interest register

- 10.1. Non-cash incentives we offer or accept may be perceived as potential conflicts of interest. (This means any cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration.)
- 10.2. We'll record the details of any such non-cash incentives offered or accepted in the Immaterial Financial Interest Register.
- 10.3. This Register will ensure that these non-cash incentives don't exceed the equivalent of R1 000 in any year.

11. Relationships with insurers

- 11.1. In order to comply with our obligation to manage any real or perceived conflict of interests, we believe it is important to disclose the following information to you:

11.1.1. We do have a shared ownership interest that could lead to a perceived conflict of interest. This cannot be avoided due to common shareholding and the nature and extent of the interest is that:

- BrightRock operates as the underwriting management agency for all BrightRock products sold on the BrightRock Life Licence and all BrightRock products sold on the Sanlam Life Licence
- We always disclose to our clients that policies will be insured by **BrightRock Life Limited or Sanlam Life Limited, depending on where the insurance is placed.**

12. Ownership interest

- 12.1. BrightRock Life Ltd has a relationship with product provider Sanlam Life Limited. Sanlam Life Limited owns 53% share of BrightRock Holdings (Pty) Ltd and BrightRock Life Limited and BrightRock UMA are wholly owned subsidiaries of BrightRock Holdings (Pty) Ltd.

13. Enquiries and complaints

- 13.1. If you have any enquiries or require any further information concerning this policy, please do not hesitate to contact the key individual responsible for the Management of Conflict of Interests Policy at **compliance@brightrock.co.za**.
- 13.2. A copy of our complaints handling process is available on request from our Complaints Officer at complaints@brightrock.co.za.
- 13.3. Our website is: www.brightrock.co.za.