

Conflict of interest management policy

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2 Document control

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3.0	08/02/2021	Ché-Michel Alexander	Updated Policy layout and standards to latest policy template version.

References				
<i>(can include related policies, procedures, forms, guidelines, and other resources)</i>				
<i>Document</i>	<i>Version</i>	<i>Date</i>	<i>Author</i>	<i>Description</i>

3 Terminology

Term	Meaning
Policy	A deliberate system of principles to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol.
Financial adviser	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.
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"> • influence the objective performance of its obligations to another party; or • prevent them from rendering fair and unbiased financial services to that party, or • from acting in the best interest of that client.
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.
Allowable financial interest	<ul style="list-style-type: none"> • an ownership interest • training that is not exclusively available to a selected group of providers or representatives, on <ul style="list-style-type: none"> (i) products and legal matters relating to those products; (ii) general financial and industry information; (iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training; • a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.

4 Purpose and objective

- 4.1 We're committed to ensuring that we conduct our business in the highest standards of good corporate governance, which includes complying with all the relevant 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'll always do everything we reasonably can to identify, manage, mitigate and disclose conflicts of interest.
- 4.2 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 Department at compliance@brightrock.co.za.
- 4.3 BrightRock Life Ltd is a licensed financial services provider and 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.
- 4.4 We offer our policyholders total peace of mind through products designed to meet their specific needs.
- 4.5 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.
- 4.6 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.

5 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 behavior 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.

6 Procedures and controls

6.1 *Dealings with intermediaries (FSPs)*

To facilitate compliance with legislation 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 authorized 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 (this may take the form of cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, a discount, domestic or foreign travel, hospitality, accommodation, sponsorship or any other incentive or valuable consideration). We'll record the details of any such immaterial financial interest offered or accepted in the immaterial financial interest register.

6.1.1 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.

6.1.2 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.

6.1.3 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.

6.1.4 Permissible business activity

It is recognized that a number of legitimate and necessary business situations and circumstances do not involve the possibility of a conflict of interest. This may be because there is no policyholder interest at stake or it may be that the valuable consideration in question is not capable of being meaningfully valued in monetary terms.

Such situations and circumstances include:

- Advertising and marketing
- Brand awareness/Brand building activity
- Training
- Corporate Social Responsibility
- Internal staff (employee) recognition awards
- Enterprise Development
- Profit Share and other arrangements in terms of Binder Regulations.

6.2 Identifying conflicts of interest

Where an employee is in a potential conflict of interest situation this must be reported to the Compliance Department as soon as practicably possible. The Compliance team will give guidance and advice to assist the employee to avoid or mitigate the conflict.

6.2.1 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 (where possible).

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

6.2.2.1 are likely to make a financial gain, or avoid a financial loss, at the expense of the policyholder;

6.2.2.2 have an interest in the outcome of a service provided to the policyholder, which is distinct from the policyholder's interest in that outcome;

6.2.2.3 have a financial or other incentive to favour the interests of either a financial adviser or another policyholder over the interests of a policyholder;

6.2.2.4 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.

6.3 Avoiding conflicts of interest

- 6.3.1 Once a potential conflict of interest has been identified, we evaluate it and manage it appropriately.
- 6.3.2 Our Compliance and management teams then agree on the controls that need to be put in place to manage the conflict.
- 6.3.3 We've put the following measures in place to manage potential conflict of interest:
- 6.3.3.1 **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.
 - 6.3.3.2 **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.
 - 6.3.3.3 **Monitoring** – We conduct *ad hoc checks* on business transactions to ensure compliance with the Policy.
 - 6.3.3.4 **Reporting** – The Compliance Function's duties include monitoring the Conflict of Interest Policy.
 - 6.3.3.5 **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.
 - 6.3.3.6 **Executive review** – We'll review and, if necessary, update this policy annually.
 - 6.3.3.7 **Structures** – We will use a matrix index of real or perceived potential conflict risks and establish a conflict of interest register.
 - 6.3.3.8 **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).
 - 6.3.3.9 **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.
 - 6.3.3.10 **Gifts and entertainment policy** – We have an internal 'gift' policy to ensure that we maintain the highest standards of ethics and impartiality.
 - 6.3.3.11 **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.

6.3.4 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.

6.4 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.

6.5 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.

6.6 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.

6.7 Disclosure

When we can't avoid or mitigate a conflict, or where the measures in point 6.5 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.

7 Relationships with insurers

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:

7.1 We 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.

8 Ownership interest

BrightRock Life Ltd has a relationship with product provider, Sanlam Life Limited. Sanlam Life Limited owns 58.46% share of BrightRock Holdings (Pty) Ltd. BrightRock Life Limited and BrightRock UMA are wholly owned subsidiaries of BrightRock Holdings (Pty) Ltd.

9 Enquiries and complaints

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

Our website is: www.brightrock.co.za.