

Conflict of Interest Management

Policy

Version 1

Underwritten by:



CONFLICT OF INTEREST MANAGEMENT

POLICY

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1. Introduction

This Conflict of Interest Management Policy has been created in accordance with the requirements of Board Notice 58 of 2010, which amends the General Code of Conduct for Financial Services Providers and Representatives.

2. What is a conflict of interest?

A conflict of interest may occur when a Financial Service Provider ("FSP"), when rendering a financial service to a client, does not act objectively, does not render an unbiased or fair service or does not act in the client's interest. This may happen when the FSP has an actual or potential financial or ownership interest in the client's affairs or has a relationship with a third party or product supplier.

A financial interest includes 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
- b) Training by a product supplier on products, general financial and industry information and technological systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training.

Where the amount of this interest does not exceed R1 000 in aggregate to the FSP, including all its representatives and key individuals, it is considered an immaterial financial interest.

An ownership interest includes

- a) any equity or proprietary interest for which a fair value was paid on acquisition, other than such an interest held by a nominee
- b) any dividend, profit share or similar benefit derived from such interest

3. FMI's conflict of interest declaration

Financial Management International Ltd ("FMI") is in a business relationship with Lombard Life Limited, a registered insurer who underwrites products offered by FMI. FMI exclusively offers products underwritten by Lombard Life Ltd.

In accordance with section 3A(1)(a) of the General Code of Conduct, FMI confirm that FMI or its representatives will only offer or receive financial interest to or from a third party in the form of:

- a) Commission authorised under the Long-term Insurance Act, 52 of 1998 or the Short Term Insurance Act, 53 of 1998
- b) Commission authorised under the Medical Schemes Act, 131 of 1998
- c) Fees authorised under the Long-term Insurance Act, 52 of 1998, the Short Term Insurance Act, 53 of 1998, or the Medical Schemes Act, 131 of 1998, if such fees are reasonably commensurate to the service being rendered

- d) Fees for the rendering of a financial service in respect of which commission referred to in (i) to (iii) above is not paid, if such fees are specifically agreed to by a client in writing and may be stopped at the client's discretion
- e) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered
- f) Subject to any other law, an immaterial financial interest; and
- g) A financial interest, not referred to in paragraphs (i) to (vi) above, for which a consideration, fair value or remuneration that is reasonable commensurate to the value of the financial interest, is paid by FMI or representative at the time of receipt thereof.

In accordance with section 3A(1)(b) of the General Code of Conduct, FMI confirm that FMI will not offer any financial interest to FMI's key individuals or representatives for:

- a) giving preference to the quantity of business secured for FMI to the exclusion of the quality of the service rendered to clients; or
- b) giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- c) giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

4. Internal procedures

To ensure compliance with this Conflict of Interest Management Policy, FMI have set up the following internal procedures:

- a) All key individuals, representatives, employees and others are required to read Board Notice 58 of 2010 as well as this Conflict of Interest Management Policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.
- b) Training on this Conflict of Interest Management Policy will be provided by FMI's Training Department either as part of general FAIS training or specifically.
- c) Key Individuals will conduct ad hoc checks on business transactions to ensure this Conflict of Interest Management Policy has been complied with.
- d) The Compliance Officer will report on this Conflict of Interest Management Policy in the annual compliance report.
- e) Avoidance, limitation or circumvention of this Conflict of Interest Management Policy via an associate will be deemed non-compliance.
- f) Any key individual, representative, employee or other shall be required to report to the Legal Department, alternatively to FMI's compliance officer, any potential conflict of interest as soon as is reasonably possible after becoming aware of such conflict of interest.
- g) Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.
- h) In the event that FMI recognise the existence of a material conflict of interest, FMI shall notify affected clients thereof as soon as is reasonably possible and shall immediately take steps to avoid such conflict of interest.

- i) Should, however, a conflict of interest arise which cannot be avoided, FMI shall immediately disclose in writing the nature and extent of the conflict of interest and any possible steps that may be taken to mitigate the conflict, and where applicable, afford the affected client/s the opportunity of reviewing their decision to use or continue to use FMI's services.

5. FMI's associates

Lombard Insurance Company Ltd (1990/001253/06) is an associate of FMI by virtue of the fact that Lombard Insurance Company Ltd holds majority voting rights in FMI. Lombard Insurance Company Ltd is a subsidiary of LomHold (Pty) Ltd. Lombard Insurance Company Ltd is a holding company of Lombard Trade and Finance (Pty) Ltd, Lombard Guarantee Services Plc (Botswana), Deposit Advantage (Pty) Ltd and FMI.

6. Ownership interest

FMI holds ownership interest in:

- IFANet Independent Distribution Services (Pty) Ltd (2003/016850/07)

Ownership interest in FMI is held by:

- Lombard Insurance Company Ltd (1990/001253/06) who owns 75% of FMI and enjoys rights to dividends, profit share or similar benefit.
- The Cordial Family Trust (IT 1850/1996) who owns 10% of FMI and enjoys rights to dividends, profit share or similar benefit.
- General Investment Trust (IT 789/2005) who owns 15% of FMI and enjoys rights to dividends, profit share or similar benefit.

7. Policy review

This Conflict of Interest Management Policy shall be reviewed annually and updated if required.