

## Conflict of Interest Management Policy



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### Sign-off

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## Definitions

Term	Meaning/Interpretation
<b>Associate</b>	<p>In relation to a juristic person; 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;</p> <p>which is a close corporation registered under the Close Corporations Act 69, 1984, means any member thereof as defined in section 1 of the Act;</p> <p>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 –</p> <p>had such first-mentioned juristic person been a company; or</p> <p>in the case where that other juristic person, too, is not company, had both the first-mentioned juristic person and that other juristic person been a company;</p> <p>means any person in accordance with those 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.</p>
<b>Conflict of Interest</b>	<p>shall mean any situation in which a representative or provider or someone in a position of trust, has an actual or potential interest that may in providing a financial service to a client may influence the objective performance of his obligations to that client or which prevents a provider or representative from rendering an unbiased and fair financial service to that client or from acting in the interests of that client and includes a financial interest or an ownership interest or a relationship with a third party which can make it difficult to fulfil his or her duties impartially.</p>
<b>Innovation Group South Africa</b>	<p>shall mean Innovation Group (Pty) Ltd and all its subsidiaries and Associates.</p>
<b>Interested Person</b>	<p>shall mean any director, shareholder, member, associate, trustee, partner, representative or employee of Innovation Group who has a direct or indirect financial interest as defined below.</p>
<b>Financial Interest</b>	<p>shall mean any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration but excludes:</p> <p>An ownership interests</p> <p>Training, that is not exclusively available to a selected group of providers or representatives, on</p> <p>Products, compliance and legal matters relating to those products; General financial and industry information;</p> <p>Specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.</p>
<b>The Policy</b>	<p>shall mean this document and all its annexures.</p>

## Introduction

In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended (“the Code”), promulgated in terms of the provisions of the Financial Advisory and Intermediary Services Act 37 of 2002 (“the Act”), financial services providers (“Providers”) must take all necessary steps to eliminate any practices that may create a conflict between their interests and the interests of an existing and/or potential client. The duty to avoid such conflicts is not only for purposes of the Act but for fairness, good governance and integrity even for Associates of the Innovation Group that are not regulated by the Act. It is in that spirit that this Policy is therefore applicable to all entities within Innovation Group. The Policy sets out key principles that must be adhered to, to avoid such conflicts and comply with the Act. Where it is not possible to avoid a conflict, steps must be taken to mitigate such conflicts. A further duty imposed by the Act to Providers is to disclose the existence of the actual or potential conflict to a client at the earliest reasonable opportunity.

## Scope

This Policy applies to all Interested Persons and Associates of the Innovation Group.

## Identifying and Managing Conflict of Interest

### 4.1. Measures to Avoid Conflicts of Interest

- The training department has included in its training programme specific training on conflict of interest which enable staff to identify conflict of interest.
- Avoid any situations in terms of which, when conducting business with a client, objectivity may be impaired;
- In the event that there is a pre-existing financial interest which may result in a conflict of interest with a client or prospective client, it be disclosed and/or declared immediately;
- In the event that there is a pre-existing ownership interest which may result in a conflict of interest with a client or prospective client, it must be disclosed and/or declared immediately;
- Ensure that all training is attended that may be provided from time to time relating to conflicts of interest and actively familiarize yourself with the content of this Policy;
- Innovation Group will establish and implement a remuneration strategy for client facing personnel that will ensure that their remuneration does not lead to unfair outcomes for the customers;
- The following are acknowledged as prohibited financial interests from a product supplier, another financial services provider, an associate of a product supplier or a provider, a distribution channel and a person who in terms of an arrangement with a product supplier, provider, associate or distribution channel provides a financial interest and may present a Conflict of Interest:

Any cash payment  
Cash equivalent  
Vouchers  
Gifts  
Service  
Advantage  
Benefit consideration

Discount  
Domestic or foreign travel  
Hospitality  
Accommodation  
Sponsorship  
Any other incentive or valuable

## 4.2. The following are excluded from the above prohibitions:

### 4.2.1. An ownership interest

- Training on products, compliance and legal matters, general financial and industry information and specialised technological systems provided that it is available to all providers and representatives and not to a selected group of providers and representatives; however, travel and accommodation associated with such training is prohibited;
- An immaterial financial interest which in aggregate does not exceed R1000 in any calendar year from the same provider, product supplier, associate.

### 4.2.2. Permitted Financial Interests

- Providers may only receive the following financial interests from a product supplier, provider, associate: Commission authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
- Fees authorised under the Short-term Insurance Act, if those fees are reasonably commensurate to a service being rendered;
- Fees for the rendering of a financial service in respect of which commission or fees referred in above 2 points, if those fees are specifically disclosed and agreed by a client in writing and may be stopped by a client at the discretion of the client
- Subject to any other law, an immaterial financial interest; and
- A financial interest, not referred to above for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

## 4.3. Additional Conflicts

In addition to the above prohibitions, Innovation Group employs the following internal policies to manage and mitigate Conflicts of Interests, including but not limited to:

- Declaration of Directors Interests Policy; and Gifts Policy.

## Unavoidable conflicts

If an actual or potential Conflict of Interest is suspected, it should be reported to the Compliance Officer.

If an actual or potential Conflict of Interest involving the Compliance Office is suspected, it should be reported to the Managing Director.

Where a conflict cannot be avoided, it must be disclosed to the customer and evidence of the disclosure be retained.

## Managing identified conflicts

- Once a Conflict of Interest has been identified, it needs to be appropriately and adequately managed.
- In conjunction with the Compliance Officer, Management must evaluate the nature of the Conflict and the possible actions that may be taken in respect thereof. The evaluation must include:
  - whether it is possible to avoid the conflict, where it is possible to avoid it, what action has been taken to do so; or
  - reasons why the conflict cannot be avoided, and
  - what can and has been done to manage the conflict, and
  - how the mitigating measures will lessen the effects of the conflict on the customer; and
  - when and how the conflict will be disclosed to customers if we are unable to avoid it.
- A record of this evaluation must be made/entered in the Conflict of Interest register by the respective compliance officers, which must be annually signed by the Heads of the affected Departments.

## Conflict of interest within Innovation Group entities

- The Short-Term Insurance Regulations prohibit a Non-Mandated Intermediary from conducting business with an Underwriting Manager that is an Associate of that Non-Mandated Intermediary.
- Where a scenario contemplated above occurs between the Providers within Innovation Group, Innovation Group must ensure the following:
  - the relevant insurer/s obtain the relevant exemption from Financial Sector Conduct Authority (FSCA);
  - that the roles and functions performed by the two providers are completely segregated;
  - that the personnel providing the services are led by different management teams;
  - there are cross directorships between the Providers;
  - the respective management teams are autonomous in carrying out their functions; and
  - that the association relationship between the providers is disclosed to clients.
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## Disclosure requirements

- Innovation Group should make appropriate disclosures to third parties including clients, as part of its arrangement to manage conflicts of interest. It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest.
- It is therefore stated that disclosure about conflicts of interest should always:
  - be timely, prominent, specific and meaningful to the client;
  - occur before or when the financial service is provided, but in any case, at a time that allows the client a reasonable time to assess its effect; and
  - refer to the specific service to which the conflict relates.
- It is furthermore acknowledged that:
  - whilst a clearly identified Conflict of Interest will not necessarily cause the provision of financial advice to a client to be significantly compromised, it should nonetheless be disclosed to the client. The client must be afforded the opportunity to decide for him/herself whether the Conflict of Interest is significant and to what extent he/she will rely on the service rendered.

## Violation of the conflicts of interest policy

Any person who fails to comply with this Policy will be dealt with in terms of Innovation Group's internal disciplinary procedures. In addition to this, sanctions may be imposed against representatives and Key individual who emanate from the requirements of the FAIS Act including possible debarment.

## List of Associates

Ref No.	Name of Associate Company
1	Innovation Group Services (Pty) Ltd
2	Innovation Group Distribution (Pty) Ltd
3	Innovation FSP (Pty) Ltd
4	Innovation Group Namibia (Pty) Ltd
5	Business Process Innovation Botswana (Pty) Ltd