



## Simeka Conflict of Interest Management Policy

### Introduction

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Simeka Consultants and Actuaries (Simeka) adopted the Sanlam Group Conflict of Interest Management policy and the Simeka COI policy will be reviewed and maintained in accordance.

The objective of the COI policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Code of Ethical Conduct applicable to Simeka as well as other regulatory measures (e.g. the FAIS Act).

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interest of consumers, employees, providers and Simeka.

The policy defines how conflicts of interest are to be managed, that is, to identify potential conflicts, to avoid conflicts where possible and the manner in which to disclose.

The policy also sets out processes and procedures that must be adopted to ensure compliance and highlights the consequences of non-compliance.

Simeka is committed to ensuring that business is conducted in accordance within the standards of good corporate governance.

Accordingly, the manner in which Simeka conducts business is based on integrity and ethical and equitable behaviour.

This policy aims to emphasise the interests of all stakeholders by minimising and managing all actual or potential conflicts of interest.

### Definitions

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#### “Associate”

- (a) in relation to a natural person, means -
- 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;
  - ii. a child of that person, including a stepchild, adopted child and a child born out of wedlock;
  - iii. a parent or stepparent of that person;
  - 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;
  - v. a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);
  - vi. a person who is in a commercial partnership with that person.



- (b) in relation to a juristic person -
- 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;
  - 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;
  - 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 -
    - had such first-mentioned juristic person been a company; or
    - 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.
  - 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.
- (c) in relation to any person -
- 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;
  - ii. includes any trust controlled or administered by that person.

“**COI**” means Conflict of Interest.

“**Conflict of interest**” means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client -

- (a) influence the objective performance of their obligations towards such client; or
- (b) prevent a person from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including but not limited to –
  - i. a financial interest;
  - ii. an ownership interest;
  - iii. any relationship with a third party.

“**Employee**”, for the purpose of this policy, will include -

- (a) All directors and full-time employees of any associate of Sanlam Limited;
- (b) All temporary contracted employees;
- (c) All employed representatives including independent financial advisors and tied agents.

“**Exco**” means the Sanlam Limited Executive Committee.

“**FAIS**” means the Financial Advisory and Intermediary Services Act, No. 37 of 2002.

“**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 Interest”** means any 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, that is not exclusively available to a selected group of providers or representatives, on -
  - 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.

**“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.

**“FSCA”** means the Financial Sector Conduct Authority.

**“Financial Services Provider”** means any person, other than a representative, who as a regular feature of the business of such person -

- (a) furnishes advice; or
- (b) furnishes advice and renders any intermediary service; or
- (c) renders an intermediary service.

**“FSP”** means a Financial Services Provider.

**“Group COI Policy”** means the FAIS COI policy for the Sanlam Group.

**“GCO”** means the Sanlam Group Compliance Office.

**“Immaterial Financial Interest”** means any financial interest with a determinable 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-

- (a) a provider who is a sole proprietor; or
- (b) a representative for that representative’s direct benefit;
- (c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

**“New Entrance”** means a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.

**“Ownership Interest”** means -

- (a) any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person; and
- (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

**“Provider”** means an authorised FSP registered as such with the FSCA.



**“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 -

- (a) does not require judgment on the part of the latter person; or
- (b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

**“Sanlam”** means the Sanlam Group inclusive of its associates as defined in 1.1 above, and includes references to Sanlam Limited, Sanlam Life Insurance Limited and any other entity, legal or operational, reflected as a subsidiary or a Sanlam business in the organizational chart of the Sanlam Group as updated from time to time.

**“Sign-on Bonus”** means any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and a financial interest referred to the definition of a new entrance includes but is not limited to-

- (a) Compensation for the-
  - i. potential or actual loss of any benefit including any form of income, or
  - ii. cost associated with the establishment of a provider’s business or operations, including the sourcing of business, relating to the rendering of financial services; thereof; or
- (b) A loan, advance, credit facility or any other similar arrangement.

**“SGFCCP”** means the Sanlam Group Financial Crime Combating policy.

**“The Code of Ethical Conduct”** means the Sanlam Group Code of Ethical Conduct.

**“Third party”** means –

- (a) a product supplier;
- (b) another provider;
- (c) an associate of a product supplier or a provider;
- (d) a distribution channel;
- (e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

## **Objective**

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Consumerism has led to regulatory measures that have been developed include the FAIS General Code of Conduct and the Financial Institutions (Protection of Funds) Act (No. 28 of 2001) which is directed towards, inter alia:

- (a) the duties of persons dealing with the funds of clients and financial institutions;
- (b) observing the utmost good faith and exercising proper care and diligence with regard to the funds of such clients and institutions; and
- (c) ensuring a consistent manner of dealing with conflicts of interest and the disclosure thereof.

It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensure compliance with the Code of Ethical Conduct applicable to Simeka, as well as other regulatory measures such as the FAIS Act and TCF Outcomes.



## Policy Statement

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Whilst the Sanlam Group FAIS COI policy sets the high-level standards for the Sanlam Group, Simeka formulated and implemented detailed measures to proactively ensure compliance with these standards, having due regard for the business environment within which Simeka operates.

No person or Simeka business may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Group and Simeka policy directly or via an associate or an arrangement involving an associate.

This policy is related to and must be read with the Sanlam Group Code of Ethical Conduct, the Sanlam Group Financial Crime Combating policy, Sanlam Group and Simeka policy on the Giving and Receipt of Gratifications.

This policy applies to all employees, third parties where applicable and associates as defined.

This policy has been approved by the Simeka Management Committee.

## Dealing with conflicts of interest

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### Identifying the conflicts of interest

No person (including Simeka) may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Simeka FAIS COI Management policy via an associate or third party or an arrangement involving an associate or a third party.

Simeka and its employees may only receive or offer the following financial interest from or to a third party-

- (a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998), the Short-term Insurance Act (No. 53 of 1998) or the Medical Schemes Act (No. 131 of 1998);

Commission is strictly monetary amounts paid to a provider, designated as such and determined on a basis specified prior to payment;

- (b) Fees authorised in terms of the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered;
- (c) Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (a) or (b) above is not paid, if those fees –
- i. are specifically agreed to by a client in writing; and
  - ii. may be stopped at the discretion of the client.
- (d) Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- (e) Subject to other legislation, an immaterial financial interest;
- (f) A financial interest not referred to in paragraphs (a) to (e) above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by the provider or its representatives at the time of receipt thereof;
- (g) A distinction should be drawn between tools and services provided to a provider that are -
- i. essential in enabling the provider to prepare, submit and finalise any business transaction in accordance with Sanlam's business requirements;
  - ii. not essential, but which offers value to the provider in terms of enhancing/supplementing the provider's interaction with clients;



iii. and those that are regarded as other services.

- (h) Services that are essential in enabling the provider to prepare, submit and/or finalise Simeka transaction documentation may be offered unless it would influence the provider in the objective performance of its functions or in the rendering of an unbiased service;
- (i) Services that are not essential in enabling the provider to do business with Sanlam, but which offers the provider value in terms of enhancing or supplementing the provider's interaction with clients may be provided if there is clear proof of benefiting the client and there is no conflict of interest;
- (j) Services that do not form part of those described in (h) or (i) above may be made available to a provider at a fair market value.

Simeka shall only provide bona fide training to providers on -

- (a) Products or legal matters relating to those products;
- (b) General financial and industry information;
- (c) Specialised technological systems of a third party necessary for the rendering of a financial service.

Simeka may provide reasonable costs directly related to the training provided, such as venue costs, speaker fees and meals. The reasonable costs associated with providing meals and refreshments should not be regarded as part of immaterial financial interests, and should accordingly not be recorded.

Simeka or its associates may not provide for the travel and accommodation associated with the training and may not offer the training to an exclusive group of FSPs only.

Other forms of training not mentioned in (a) – (c) above, may be provided subject to a consideration or remuneration (based on fair value) being paid for the training so provided to FSPs (or their representatives) receiving the training.

Simeka shall not offer any financial interest to its representatives for -

- (a) Giving preference to the quantity of business secured 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.

Simeka shall not offer or provide a sign-on bonus as -

- (a) No person may offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice;
- (b) A Category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from any person.



### **Avoidance of conflicts of interest**

Once an actual or potential conflict of interest has been identified, steps must be taken (where possible) to avoid such conflict. Should such avoidance not be possible, steps must be taken to mitigate such an actual or potential; conflicts of interest and must be disclosed to all impacted parties.

Simeka shall not offer or provide a sign-on bonus as -

- (a) No person may offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice;
- (b) A Category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from any person.

### **Disclosure of conflict of interest**

Simeka and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client.

The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to -

- (a) Informing the client of the existence of Simeka's FAIS COI Management policy and how it may be accessed;
- (b) The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
- (c) Any ownership interest or financial interest, other than an immaterial financial interest, that Simeka or its employees may become eligible for; and
- (d) The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict should be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction.

### **Processes and procedures to ensure compliance**

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Simeka, Financial services Provider (13900), (as a business entity within the Sanlam Group) adopts this policy as the standard according to which business will be conducted in relation to identification, avoidance and managing of conflicts of interest.

The Simeka Compliance Manager is responsible for managing (and updating) the Simeka FAIS COI Management policy and will provide guidance to Simeka management thereon (including the pre-clearance of business processes that potentially may cause a conflict of interest).

The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if it is unavoidable, to take effective steps to mitigate such a COI and ensure that proper disclosure is made in respect thereof.

All employees are responsible for identifying specific instances of conflict and are required to notify the Simeka Compliance Manager (or the GCO) of any conflicts they become aware of. Potential conflicts, together with a recommendation as to how the conflict should be managed (if it cannot be avoided), will be escalated to Simeka Management Committee (Manco).



Documentation and processes which have been formulated to identify, avoid, mitigate and disclose conflicts of interest include the following-

- (a) The implementation of measures to avoid conflicts of interest and where avoidance is not possible, cogent reasons should be provided therefore together with the measures taken to mitigate such conflict of interest;
- (b) A process to enable the disclosure and recording of all actual or potential conflicts of interest identified as well as their resolution, including expenses relating to immaterial financial interests;
- (c) The creation of a central business register in Simeka for the recording of conflicts of interest, including the persons involved and the controls implemented;
- (d) The manner in which each disclosed conflict will be assessed, including whether the conflict is actual or potential, what the value of the conflict or exposure is and the potential reputational risk;
- (e) Implement measures to ensure continuous monitoring of compliance to the Group and Simeka FAIS COI Management policy;
- (f) Where monitoring has identified non-compliance with either the Group or Simeka FAIS COI Management policy, the compliance risk should be assessed and escalated to the Simeka Manco or Managing Director with a recommendation as to the measures that will be taken to mitigate the compliance risk;
- (g) Specific instances of conflict may require management intervention in addition to the documented controls already in place. This can include escalation to the Simeka Manco or Managing Director for a decision on how the conflict should be managed, for example, disclose to the client, or decline to act.

All employee contracts must include the necessary termination and/or sanctions clause to manage the risk for an actual or potential conflicts of interest situations created by employee acts or omissions.

Disciplinary procedures in Simeka must provide for the review of any breach by employees and determine appropriate sanctions.

If employees are of the view that their own conduct caused this policy to be breached, they must inform their manager and Compliance Manager at the earliest available opportunity after they have become aware of the breach.

When employees reasonable suspect that a co-worker or contractor is in breach of this policy, they must report it as soon as possible and in the strictest of confidence, to their line manager and/or the Simeka Compliance Manager for further investigation.

Simeka, registered as an FSP with the FSCA, must ensure that their FAIS COI policy includes:

- (a) a list of all its associates; and
- (b) a list of any third parties in which the FSP holds an ownership interest, together with the nature and extent thereof; and
- (c) a list of any third parties that holds an ownership interest in the FSP, together with the nature and extent thereof.

Simeka, registered as an FSP with the FSCA, must submit a report to the Registrar in terms of the FAIS Act. Simeka must ensure that this report includes, inter alia, details with regard to the implementation, monitoring, and compliance with the Simeka FAIS COI Management policy as well as the accessibility thereof.



### **Accessibility of policy**

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This policy document will be made available centrally in Simeka, as well as the Simeka website, to ensure that it is easily accessible by employees, clients and third parties at all reasonable times.

### **Training and awareness**

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Simeka must implement appropriate training and awareness of the policy interventions for all employees, contractors and temporary workers at least once per annum.

All newly recruited employees should attend a training session during their induction program.

The Compliance Manager will co-ordinate and facilitate training interventions for Simeka employees.

Training and training materials provided to representatives must include a reference to, and information on the content and application of this policy.

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

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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 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 provide disclosures will be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of the disciplinary procedures as foreseen in paragraphs 6.8 and 6.9 above.

Certain transgressions of this policy may result in civil or criminal prosecution. Please refer to the SGFCCP in this regard.

All potential transgressions of this policy must be investigated fairly and objectively and be reported by the relevant compliance department to the relevant Managing Director and/or Management Committee for a decision.

### **Revision**

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This policy document will be reviewed on an annual basis and submitted by the Compliance Manager to the Manco members for evaluation and amendment, where necessary.



## Appendices

### 1. Annexure A

#### List of third parties in which Simeka holds an ownership interest

No.	Product Supplier	Nature of ownership interest e.g. equity or proprietary interests or holdings	Extent of ownership interest	Relevant Associates	Agreements / arrangements where a financial interest is provided to a provider or its representative
	None				
	Product Provider				
	None				
	Distribution Channel Arrangements				
	None				

**2. Annexure B****List of third parties that holds an ownership interest in Simeka**

<b>No.</b>	<b>Product Supplier</b>	<b>Nature of ownership interest e.g. equity or proprietary interests or holdings</b>	<b>Extent of ownership interest</b>	<b>Relevant Associates</b>	<b>Agreements / arrangements where a financial interest is provided to a provider or its representative</b>
	Sanlam Life Insurance Limited	Shareholding	100%		
	Product Provider				
	None				
	Distribution Channel Arrangements			N/A	
	None				