



CONSORT



Consort Technical Underwriters

**Conflict of Interest Management
Policy**



CONFLICT OF INTEREST MANAGEMENT POLICY

COMPANY POLICY

1. Management Policy Statement

Consort Technical Underwriting Managers (Pty) Ltd recognises the importance of operating in an open and transparent manner in all aspects of the operations of the business, be this with our clients, our suppliers, our service providers or members of the greater business community within which we work, be they directly a part of the financial services industry or not. Whilst the legislative requirements may be the foundation for our policy, this policy is far more practical in its application and takes basic business ethics as its overall primary standard and objective. The Board of directors personally take this policy as a statement that binds the ethics of the company.

2. Introduction

The rules developed by the Financial Sector Conduct Authority ("FSCA") are aimed at regulating potential and actual conflicts of interest faced by financial services providers. These rules apply to all financial service providers ("FSPs") licensed under the Financial Advisory and Intermediary Services Act, 2002 ("FAIS") and to their representatives.

The purpose of this document is to identify the requirements of the FSCA in terms of identifying, avoiding, mitigating, managing and disclosing conflict of interest scenarios. Furthermore, this policy documents the procedures that are to be adopted and followed by those representing Consort Technical Underwriting Managers (Pty) Ltd ("Consort") in terms of the correct treatment in a conflict of interest situation.

3. Requirements of the FSCA

The new rules developed by the FSCA require FSP's to:

- i. Avoid and, where this is not possible, mitigate any conflict of interest with a client or representative of a client;
- ii. Make detailed written disclosures to clients of any conflict of interest and the measures taken to avoid or mitigate the conflict; and
- iii. Adopt and implement a written conflict of interest management policy.

To whom does this policy apply?

- i. Directors
- ii. Managers
- iii. Permanent Staff

iv. Contract and/or temporary staff

4. Factors or Circumstances deemed to be a Conflict of Interest

FAIS gives us the foundation for our policy. It defines a conflict as;

"any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -

- a. influence the objective performance of his, her or its obligations to that client; or*
- b. prevent a provider or representative from rendering an unbiased and fair financial services 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"*

5. Permissible Financial Interests

An FSP or its representative who offers or receives "financial interests" may do so if such financial interest falls into one of the following categories, namely:

- Commission authorised under the Long-Term or Short-Term Insurance Acts or the Medical Schemes Act;
- Fees authorised under the Long-Term or Short-Term Insurance Acts or the Medical Schemes Act if those fees are reasonably commensurate to the service being rendered;
- Fees or commissions for the rendering of a financial service where such fee or commission is specifically agreed to by a client in writing and may be stopped at the discretion of the client;
- Fees or remuneration for the rendering of a service to a third party where such fee or remuneration is reasonably commensurate to the service being rendered;
- Financial interests received from the same third party with an aggregate monetary value in any calendar year of not more than R1 000, received by an FSP or representative who is a sole proprietor or received by a representative for that representative's direct benefit or received by an FSP who, for its benefit or that of some or all of its representatives, "aggregates" the financial interest "paid" to its representatives; and
- Other than as contemplated above, a financial interest for which consideration that is reasonably commensurate to the value of the financial interest is paid by the FSP or representative at the time of receipt of such financial interest.

6. Identification of Potential Conflict Situations

The following (potential) conflict scenarios can arise:

- With insurers with whom there is a business/ownership relationship
- With other FSP's with whom there is a business/ownership relationship
- With Distribution channels with whom there is a business/ownership relationship
- With any other persons with whom there is a business/ownership relationship
- With any service providers with whom there is a business/ownership relationship

Any of the above could be deemed Associate companies or 3rd party companies with whom we may have an ownership interest in them or by them. These companies, if applicable, are listed in separate annexure to this policy.

- With us as a result of employment contracts and remuneration policies
- With any other relevant relationship that may exist within the company

7. Identifying Areas of Conflict of Interest

- During the marketing meeting held on the first Friday of every month, an opportunity will be provided for each marketer/underwriter to discuss and/or disclose material conflicts of interest.
- An accurate register is kept and maintained for these disclosures.
- Management will be required to provide their attention to significant or other relationships with brokers and/or clients that may give rise to a conflict of interest situation. These relationships are to be discussed and noted.
- These disclosures will be assessed by management to determine if they create a conflict or potential conflict of interest.
- Should the scenarios present a conflict situation, a decision will be taken as to whether the conflict should be avoided or mitigated. This decision shall be recorded accordingly.
- These sections are reviewed as part of the ongoing monitoring process followed by our external compliance officer on a quarterly basis and forms the basis of an ongoing reporting strategy to both ourselves and should the need arise, to the FSCA, the ultimate authority governing the financial services sector.

8. Compliance Assessment – Appointment of a Compliance Champion

- This policy hereby appoints as the Conflicts of Interest Compliance Officer, Graham Patrick Charlton (financial director), and the Top Management Custodian, Chris Charlton (managing director).
- The requirements of the Compliance Officer and Custodian are to identify and set Standards and Policies of which the representatives of Consort will be bound by.
- These Standards and Policies are to be authorised by the board of directors.

- The Compliance Officer is to ensure adequate disclosure of any conflicts of interest, should there be a situation that these conflicts cannot reasonably be avoided.

9. Control Sheets / Conflicts Register

- Conflict of interest registers reside on the Consort SharePoint server
- These forms are available on a "share-file" basis and is available for any employee to enter details thereon
- The registers have been categorised to account for both financial and non-financial conflicts of interest
- The financial conflicts of interest have been further categorised to account for:
 - Gifts/entertainment provided TO a third party
 - Gifts/entertainment received FROM a third party
- The non-financial conflicts of interest register has been allocated to the "Other" conflicts of interest folder
- The "other" conflicts of interest register will be reviewed on a monthly basis and will be used during the marketing/underwriting meetings to document conflicts and potential conflicts identified
- Reimbursement of entertainment claims will only occur upon the satisfactory completion and submission of the financial conflicts of interest register relating to the claim.

10. Assessment of Materiality of Conflict

- The nature and content of the conflict on interest disclosures are to be reviewed regularly by the Compliance Officer and Custodian
- An assessment is to be made on the reasons for and impact/s of the conflicts of interests identified
- This assessment will include determining the materiality of the conflicts of interests and whether they will impact on the overall disclosure policy on Conflicts of Interests
- Should the conflict be determined to be material, a decision will be made to avoid the conflict situation. The reason for avoiding the conflict will be documented in the Register of Conflicts of Interest.
- Should the conflict of interest be determined not to be material, disclosure thereof will be made available on the Consort website.

11. How do we ensure that this policy is understood and adhered to by all role-players?

1. This policy has been developed in conjunction with and formally approved by management. The adherence to and breaches of are a standing item on the board meeting/agenda/management meetings
2. This policy is published within the company and is readily available to all staff, clients and other interested parties

3. All staff have been provided with a copy of this policy and have been given awareness training by our compliance department
4. Compliance with this policy is an integral part of our employment contract and subject to review on at least an annual basis. This includes breaches of the policy which are seen as an issue subject to the company's disciplinary procedures.
5. All staff complete and annually update a Conflict of interest Questionnaire.
6. All management and staff sign a formal declaration relating to the understanding of an agreement to adhere to this policy
7. Our compliance program ensures a constant review of our standards which includes an obligation to report non-compliance to the authorities if corrective action is not taken.

12. Conclusion and Approval

Application of this policy within Consort will ensure compliance with the FSB regulation avoiding any material conflict of interest, and should a conflict of interest be considered immaterial, full disclosure thereof will be made available for public perusal.