FAIS Conflict of Interest Management Policy

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1. Introduction

The General Code of Conduct of the Financial Advisory and Intermediaries Services Act, No 37 of 2002 (FAIS) sets out requirements for the management of conflict of interests. Financial Services Providers have a responsibility to ensure that they improve the quality of the financial services that are rendered to clients and that no situation is allowed where a provider or a representative has an actual or potential interest, which will influence the objective performance when providing a financial service to a client.

The FAIS Code of Conduct for Authorised Financial Services Providers (FSPs) and Representatives (the Code) stipulates that OUTvest may not offer or receive a financial interest – which includes for example cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration - to or from another FSP or third party as defined in the Code.

Conflict of Interest should be avoided and if not possible mitigated in which case such conflict must be disclosed to the client. Immaterial financial interests (as defined in the Code) are not disclosed but captured and monitored in a central register.

We also have to ensure that staff members who are on a performance based salary system are closely monitored to ensure that quality is not sacrificed due to focus on quantity performance measurements.

In addition to the above, FSPs and representatives may not offer or receive sign-on bonuses as defined in the Code other than to a new entrant as an incentive to become a Category I provider that is authorised or appointed to give advice.

This conflict of interest management policy for OUTvest provides measures to identify, manage, avoid and mitigate existing and potential conflicts of interests within the OUTvest environment, and sets out the roles and responsibilities of the relevant parties in this regard.

2. Definitions

2.1 "Conflict of Interest" means 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 obligations to that client; or
b) Prevent a provider or representative 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.

2.2 "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.

2.3 "Immaterial financial interest" means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1000 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.

2.4 "New Entrant" means a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.

2.5 "Sign-on Bonus" means:

a) 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
b) a financial interest referred to in paragraph (a) includes but is not limited to –
   i. compensation for the –
      (aa) potential or actual loss of any benefit including any form of income, or part thereof; or

(bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or

ii. a loan, advance, credit facility or any other similar arrangement.

2.6 "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.

3. Policy aim and scope

3.1 Purpose

The objective of this policy is to provide a framework with regard to the identification, avoidance, mitigation and management of conflicts of interest in OUTvest, in order to ensure that OUTvest business practices are in line with our commitment to provide quality service and to avoid any situation in which OUTvest has an actual or potential interest that may, while rendering a financial service to a client, -

- influence the objective performance of its obligations to that client; or
- prevent itself from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client,

Including, but not limited to –

- a financial interest,
- an ownership interest, or
- any relationship with a third party.
- ensure compliance with regulatory requirements;
- avoid legal liability and reputational risk arising from conflicts of interest.

3.2 Scope

This policy applies to OUTvest, FSP 47234, and all its representatives. It applies to any situation where a conflict of interest or a potential conflict of interest exists in the rendering of financial services to clients.

With regards to the OUTvest representatives, the following applies with regards to financial interest;

A provider may not offer any financial interest to a representative of that provider for-

i. Giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or
ii. Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
iii. 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.
iv. As a sign-on bonus unless the representatives is a new entrant and is offered as an incentive to become a representative appointed to provide advice

This policy is also applicable to OUTvest as a provider and its relationship with a third party.

A provider or its representatives may only receive or offer the following financial interest from or to a third party;

i. Commission authorised under the Long Term Insurance Act. 1998 (Act No. 52 of 1998) or the Short Term Insurance Act, 1998 (Act No. 53 of 1998)
ii. Fees authorised under the Long Term Insurance Act. 1998 (Act No. 52 of 1998), the Short Term Insurance Act, 1998 (Act No. 53 of 1998) or the Medical Schemes Act, 1998 (Act No. 131 of 1998), if those fees are reasonably commensurate to a service being rendered;
iii. Fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph (i) or (ii) is not paid, if those fees
    a) are specifically agreed to by a client in writing; and
    b) may be stopped at the discretion of that client
iv. 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;
v. Subject to any other law, an immaterial financial interest; and

vi. A financial interest, not referred to under subparagraph (i) to (v), 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.

3.3 Approach

The identification, management, avoidance and mitigation of all potential conflicts of interest is a requirement in terms of the Code. It is further good business practice as it avoids legal liability and reputational risk. OUTvest is therefore required to ensure that all existing and potential conflicts of interest are properly managed if allowed to exist or altogether avoided or mitigated if possible.

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that investors and customers may not be adequately protected, confidence in our services could be undermined and legal claims may be instituted.

It is important to note that the definition of conflicts of interest for the purpose of this policy only relates to the definition and provisions set in the Code.

Over-reliance on disclosure, without adequate consideration as to how conflicts may appropriately be managed, is not sufficient.

3.4 Availability

This approved document will be available on the OUTvest website. (www.outvest.co.za)

4. Policy Governance

4.1 Policy Maintenance

The Compliance Department co- ordinates the drafting and maintenance of the policy.

4.2 Approval and Ownership

The policy is approved by the OUTsurance Holdings Board of Directors. The ownership of this policy is vested in the OUTsurance Executive Committee.

4.3 Implementation

Management of the operational areas are responsible for the implementation of the policy in their respective areas. Compliance will facilitate and monitor the implementation of the policy.

4.4 Management Process

Operational areas and Support functions are responsible for implementation and monitoring of the procedures within their respective area to comply with this policy. Any inconsistencies with this policy or the underlying procedure must be approved by the Compliance Officer.

This policy and the record of the kinds of services and activities undertaken by the operational areas which might give rise to a potential conflict of interest must be retained for at least five years, together with any changes to those documents.

All Operational areas must maintain a register to track any financial interest provided to financial service providers, associates or third parties.

4.5 Roles and Responsibilities

4.5.1 Heads and Management of Operational Areas or Support Functions

- Implement appropriate procedures to identify all conflicts of interest, real or perceived that arise or may arise.
- Manage conflicts of interest by appropriate measures and ongoing communication to and training of staff members.
- Maintain and operate effective organisational and administrative arrangements and take all reasonable steps to prevent or mitigate conflicts of interests from giving rise to a material risk of damage to the interests of its clients.
- Prevent non-compliance with relevant regulatory requirements and protect the reputation of OUTvest, by implementing appropriate procedures to manage, avoid or mitigate conflicts of interest that consider and protect the interests of all parties.
- Establish, maintain and regularly update a record of the kinds of services and activities undertaken by the business which might give rise to a conflict of interest. This record must be updated at least annually and must document the reasons for the determination. The record should also be updated where there are significant changes to the nature of services and activities undertaken, the structure of the business and new product launches.
- Make disclosure of the nature of a conflict to a client before undertaking business for the client in cases where the measures to manage conflicts are not considered sufficient to ensure, with reasonable confidence, that risks of damage

to the interests of a client will be prevented. This disclosure must be made in an appropriate medium and in sufficient detail to enable the client to make an informed decision about the relevant service or product.

- The senior management of each department and/or business is responsible for determining which conflicts are likely to result in a material risk of damage or detriment to a client's interests.
- Senior management should liaise with the Compliance department where procedures or practices are changed or implemented with a view to obtain input or guidance around possible compliance challenges.
- Capture and update details of financial interests in a central register.

4.5.2 Compliance Department:

- Provide guidance into the maintenance of the procedures to identify, manage and avoid conflicts of interest;
- Provide relevant input and guidance to the operational areas or support functions;
- Monitor adherence to this policy and report all breaches to the appropriate level in terms of the governance structure.
- Monitor and ensure that financial interest registers are maintained.
- Submit an annual Compliance report

4.6 Monitoring, Reporting and Disclosure

Compliance, Heads and Management of all Operational Areas and Support functions are responsible for monitoring compliance with the policy within their specific area. Compliance findings are reported as detailed in 4.7 below.

4.7 Actions for Non-Compliance

The actions for non-compliance with this policy will be governed by Compliance with the understanding that the appropriate action will be taken by the Operational areas and Support functions.

Any breaches in the requirements of this policy will be recorded in the compliance breakdown register and reported to the Risk Committee. Material breaches will also be escalated further to the Audit, Risk and Compliance Committee and/or Board of Directors.

Significant instances of non-compliance may result in disciplinary action against the parties concerned.

4.8 Related Policies and documents

The Conflict of Interest Management Policy must be read in conjunction with the following policies:

- Employment Contract and/or Letter of Appointment
- The Company Values
- Debarment Manual

5. Provisions of the policy

5.1 Effective Arrangements

The organisational and administrative arrangements to manage conflicts must be designed to ensure that, when undertaking activities that involve a potential conflict of interest, relevant persons carry out those activities at an appropriate level of independence. Controls should be put in place to ensure the requisite level of independence and should include, as a minimum and where relevant, the following:

- Effective procedures to prevent or control the exchange of information where that exchange of information may harm the interests of one or more clients;
- Separate supervision of relevant persons whose principal functions involve activities that might give rise to a conflict of interest;
- The removal of any direct link between the remuneration of different groups of relevant persons where there is an underlying conflict between the activities of those groups;
- Measures to prevent or limit any person from exercising inappropriate influence over relevant persons;
- Prevention or control measures where relevant persons are involved simultaneously or sequentially in separate services or activities where such involvement could impair the management of conflicts of interest; and
- Involvement of senior management and the utilisation of reporting and management information as deemed appropriate for each business.

It is Compliance's responsibility to:

- Implement appropriate monitoring procedures to ensure that conflicts of interest, real or perceived, are identified and registers maintained;
- Provide guidance to manage conflicts by appropriate avoidance or mitigating measures such as separation of functions, information barriers and escalation and exit procedures;

- Assist in the management of legal liability; regulatory non-compliance and reputational risks avoiding, mitigating or managing conflicts of interests and putting in place the appropriate procedures to consider and protect the interests of all parties.
- Provide the necessary compliance training and awareness to support senior management in the adoption of procedures, controls and measures to manage conflicts of interest as set out in the OUTvest Conflict of Interest Management Policy.

5.2 Mechanisms for the identification of Conflict of Interests

- Meetings between the Compliance Department, Operational areas and Support functions to review procedures, processes and business relationships;
- MI reports which will identify inconsistencies and exceptions;
- Feedback and complaints from clients or other stakeholders;
- Fraud line;
- The OUTsurance Holdings Employee Gift Policy and Register and the OUTvest Conflict of Interest Management Policy and Register;
- Exceptions in Performance Based Remuneration System;

5.3 Measures for the avoidance of Conflict of Interest

- Alignment of all current business practices; procedures and relationships with the Code;
- Training and maintenance of awareness levels of regulatory requirements;
- Segregation of duties and responsibilities between various Operational areas and Support functions
- Culture of Compliance and Company Values with specific reference to Awesome Service and Honesty;
- Internal Audit department perform regular audits to verify that business procedures and processes are followed. The findings may identify potential or actual conflicts of interest and is always communicated to management;
- It is mandatory for all employees to declare any business interest on a quarterly basis.
- The provisions of the OUTsurance Holdings Employee Gifts Policy.

5.4 Measures for the disclosure of Conflict of Interest

Statutory written disclosures are issued as standard procedure and are system generated on SUMMIT.

5.5 Reasons for inability to avoid conflict of interest

Any actual or potential conflict of interest which is considered to be unavoidable will be recorded in the conflict of interest register including the reasons for the inability to avoid the conflict of interest.

5.6 Consequences of non-compliance by employees and representatives

- Material breaches may lead to disciplinary action and/or debarment;
- If a breach of this policy is identified corrective measures will be taken, which can include, but is not limited to, further communication to client;
- Include all material breaches in the compliance breakdown register;
- Report breaches to Risk Committee and or Audit, Risk and Compliance Committee;
- Reviewing of current procedures, processes and controls if regular breaches are identified.

5.7 Type and basis on which a representative will qualify for a financial interest

- Fixed Salary
    - Most of the OUTvest staff receive a fixed salary which reduces the risk of giving preference to certain products, features or product suppliers.
- Performance Based Remuneration System (PBS):
    - Some call centre staff may work on PBS which measures both quality and quantity of work.
    - PBS is set up in such a way that staff members do not get a financial interest for giving preference to the quantity of business to the exclusion of the quality of the services rendered to clients or preference to any specific product or product supplier.
    - The Quality Assurance department may perform audits to ensure that staff adheres to all procedures and provide proper advice.
- Incentives:
    - Incentives may be awarded to staff based on quality of advice provided and turn-around times.
    - PBS records (if applicable) and the work performed by top performers will be audited by Quality Assurance or Management prior to the announcement of winners in order to ensure that there is no manipulation or non-compliance with correct procedures.

- Ad hoc Competitions:
  - Management may offer various prizes to motivate staff and to ensure focus on specific performance improvement areas.
  - These competitions do not influence the quality expected from staff members and is also audited.

6. Staff acknowledgment

Heads and Management of each Operational area and Support functions must ensure that all staff are made aware of this policy and familiarise themselves with the content. In addition, Heads and Management must implement processes to re-confirm this annually.

7. Policy review

The policy is subject to annual review and approval by the Board's Audit, Risk and Compliance (ARC) Committee.

8. Document Status

Key Document Summary	
Document Status	Version 1
Process / Policy Owner	Risk & Compliance Department
Approved by (1)	Internal Risk Committee – 2 February 2017
Approved by (2)	Audit, Risk and Compliance Committee 10 February 2017
Document Location	Risk & Compliance – SharePoint site
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Key Document Summary	
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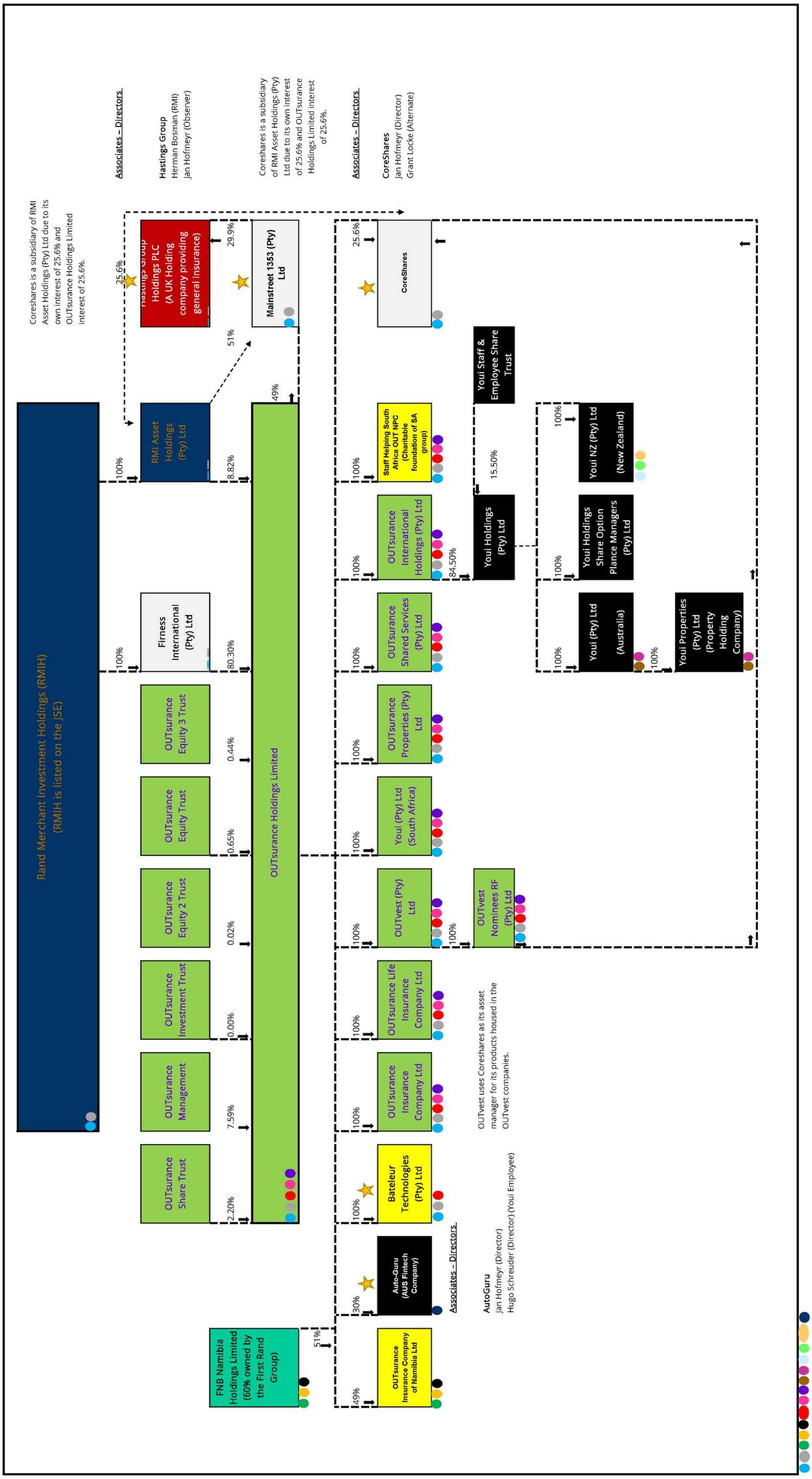
Approved by (2)	ARC Committee – 12 Nov 2019 Committee advised of changes
Document Location	Risk & Compliance – SharePoint site
Review Document	October 2020

9. Annexure – Group Structure



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