

VERSION 3.0 - APPROVED

NATIONAL RISK MANAGERS (PTY)
LTD
CONFLICT OF INTEREST POLICY
AND PROCEDURE

MARCH 2018

POLICY INFORMATION

Title	CONFLICT OF INTEREST POLICY AND PROCEDURE
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POLICY STATEMENT: The objective of this Policy & Procedure is to regulate and clarify conflict of interest within the workplace for all employees and to set guidelines in this regard. The policy further sets the benchmarks as far as personal activities or interests which conflict or may conflict with their duty and loyalty to the National Risk Mangers.

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TERMS AND CONDITIONS OF USE:

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8. Where the context so indicates, the masculine pronoun shall include the feminine, and the singular shall include the plural or vice versa.

Client requests for Policy documents must be addressed through the Internal Compliance Officer of the Enterprise.

VERSION AND APPROVAL CONTROL:

Version	Type	Summary of actions/changes	Responsible Person	Signature	Date
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1 INTRODUCTION

1.1 PURPOSE AND OBJECTIVES

The Company is committed to upholding the highest standards of ethical business conduct and expects the same from its employees, management, and directors. The purpose of this policy is to provide an overview on how to handle conflicts of interest. The presence of conflict may, however, not necessarily mean that the proposed activity will be prohibited.

The objective of this policy is to regulate and clarify conflict of interest within the workplace for all employees and to set guidelines in this regard. The policy further sets benchmarks as far as personal activities or interests which conflict or may conflict with their duty and loyalty to the Company.

1.2 SCOPE

All employees must avoid placing themselves in a position where personal interests may, or may appear to be, in conflict with those of the Company.

This Policy by no means gives an exhaustive analysis of every conflict of interest situation that may arise, and only provides a guide as to what constitutes or may constitute a conflict of interest to facilitate compliance. The Policy is intended to assist employees in making the right decisions when confronted with potential conflict of interest and they are expected to exercise good judgement in all work-related matters.

1.3 RESPONSIBILITY AND AUTHORITY

Prior written approval is required from the relevant manager for any transaction which may result in the receipt of a direct or indirect benefit for an employee and his/her immediate family.

Apart from minimum time devoted to community or charitable work or the management of personal affairs, employees are not permitted to hold a position or engage in work with an entity external to the Company without prior written approval from the relevant manager.

Each manager is required to keep and maintain a Conflicts and External Engagements Register containing a written record of any declared conflicts of interest or external engagements of employees. Each manager will ensure that the Human Resources department is sent a copy of the register along with the Compliance department. A consolidated register shall be kept and maintained by the Compliance Office.

It is the responsibility of the compliance manager to ensure that the provisions of this Policy are adhered to.

2 POLICY & PROCEDURE

2.1 INTRODUCTION

The Company conducts its business honestly and ethically with due regard to the environment, the societies the Company operates in as well as all its stakeholders. The Company continually improves the quality of its services, products and operations and strives to create and maintain its reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgement. Legal and ethical conduct on the part of officers, directors, employees, or affiliates is in the Company's best interest. The Company shall not compromise its principles for short-term advantage. The ethical performance of the Company is the sum of the ethics of the men and women who work here; thus, we are all expected to adhere to the high standards of personal integrity.

2.2 CONFLICTS OF INTEREST DEFINED

A conflict between an employee's interest and those of the Company could arise in several situations, including but not limited to the following:

- Where an employee acquires or has acquired an interest in an entity which is not owned or controlled by the Company, including, without limitation, by being a shareholder, member, director, owner, trustee, or partner. This does not apply to investments in shares which are listed on a registered stock exchange;
- Doing business on behalf of the Company with any current or potential supplier, advisor, customer, competitor, or business associate of the Company in which the employee has an interest of any nature whatsoever;
- Accepting personal favours or any form of preferential treatment from any current or potential supplier, advisor, customer, competitor, or business associate of the Company;
- Entering into any agreement, arrangement or understanding with any third party to the detriment of the Company;

- Contracting with any third party, who is a current or potential supplier, advisor, customer, competitor, or business associate of the Company in his/her personal capacity or other than as a representative of the Company; and/or
- Engaging in activities in his/her private capacity or other than as a representative of the Company which may impact adversely on his/her ability to fulfil his/her obligations to the Company whether as an employee, officer, or director, with integrity and in the best interests of the Company.

Each employee is required to discuss any situation as described above with their relevant supervisor/manager and obtain it in writing and submit to the Human Resource department who will then declare to the Compliance department via email to ensure record keeping.

2.3 GUIDELINES TO AVOID PERSONAL CONFLICT OF INTERESTS

- An actual conflict of interests does not need to be present to constitute a violation of this Policy or the Company Code of Conduct; an employee must also avoid activities or situations that create the appearance of a conflict of interest.
- All employees are expected to declare in writing to the Human Resources department who will then declare to the Compliance department via email to ensure record keeping, their conflicts or potential conflicts of interest in companies/businesses that have no connection to the Company. Employees may not use their Company business connections to in any way influence a personal gain.
- The Company employees shall:
 - At all times act in a fair and impartial manner;
 - Place the business needs of the Company first above their personal needs when dealing with matters related to the Company business;
 - avoid financial, business and other transactions or situations in which their personal interests might conflict with the Company business;

- conduct all business relationships in a professional, impartial, and competitive manner;
 - avoid business dealings and personal relationships that cause or may cause conflicts of interest (actual or potential) or create the appearance of a conflict with their obligations to the Company;
 - advise their supervisor/manager in writing of any outside activities, financial interests or relationships that may either involve such employee in a conflict of interest or the appearance of one;
 - obtain appropriate approval before accepting an officer or directorship position with another company or organisation;
 - exercise good judgment when deciding to offer or accept gifts and hospitality; and
 - excuse themselves from any decision-making process where such employee(s) have an interest that influences, or is perceived as influencing, their ability to make an objective decision and to fulfil their responsibilities to the Company.
- Employees shall not:
 - hold positions in organisations that have business dealings with the Company (including competitors, customers, suppliers, employees' own companies or businesses of employees' family members) if they can influence transactions or if the relationship itself creates an actual, potential, or perceived conflict of interest;
 - hire, promote, or directly supervise a close relative, unless this has been specifically authorised;
 - offer or accept gifts or hospitality from an organisation involved in a bid or tender with the Company;
 - request a personal gift or hospitality of a supplier, customer, or partner. This includes both direct requests and giving the impression that the offering of a gift or hospitality would be appropriate or desirable;
 - misuse the Company resources or a position or influence at the Company to promote or assist an external activity; and

- personally, pursue or undertake any opportunities the Company could have an interest in and that are identified through a sub-employee's position at the Company or use of the Company information or property.
- Examples of prohibited conflicts of interest (please note this is not a closed list):
 - Ownership of the Company employee or substantial interest in a company that is a customer/client of the Company.
 - Acting independently as a consultant to the Company customer/client while employed by the Company.
 - Having a personal interest or potential for gain in any the Company transaction.
 - Doing business for and on behalf of the Company with related parties for their benefit.
 - Using the Company assets, intellectual property, or proprietary information for personal gain.

2.4 MANAGEMENT OF CONFLICTS OF INTEREST

- When any staff member of the Company suspects a potential conflict of interest, that member shall be obliged to discuss the matter with his/her immediate supervisor. The content of the discussion as well as any decision taken shall be minuted. The supervisor and staff member shall accept joint responsibility for the decision taken, unless the decision is put forward for ratification to a more senior person in the Company. In assessing whether a conflict is material or of a lesser nature, regard must be given to the impact that such a conflict will have on the Company reputation, financial loss, and internal erosion of ethical standards.
- All decisions made must be reported on a weekly basis to the Managing Director, by the most senior person involved in that decision.

- Material conflicts must be discussed with the Managing Director before any decision is made. Only the MD or person authorised by him or her may take the final decision regarding a material conflict.

Should there be a conflict of interest it will be declared to the Compliance department, which the Human Resources department will do so via email to ensure record keeping.

2.5 REPRESENTATIVE INCENTIVES AND REMUNERATION

It is the policy of the Company that no representative shall be remunerated as part of an incentive structure with its main or sole aim to increase production, by way of share options at a discount or by way of any cash on non-cash incentive, unless such incentive structure considers:

- A combination of quantitative and qualitative criteria;
- Is not limited to a specific product supplier; and
- Is not limited to a specific product.

Any incentive as contemplated in this section must be linked to an incentive exercise and be approved by the Managing Director in writing prior to being implemented. All incentive projects must be disclosed to clients of the Company who are approached with a view to doing business with them in relation to the incentive project and every incentive project must be attached to this policy, together with a description of the nature and basis of participation and any other rules as well as the duration of the incentive project.

2.6 GIFTS AND HOSPITALITY

- Offering or accepting gifts and hospitality is a legitimate contribution to building good business relationships. It is important, however, that gifts and hospitality do not duly influence business decision-making or cause others to perceive an undue influence.
- Any gifts or gratuities over the value of R1000.00 in the aggregate same calendar year from any other person, including such person's associate as defined in Financial Services Board Notice 58 of 2010 may not be accepted by any person within the organisation and neither may such gifts or incentives be given by any person in the Company, to any third party;
- No gifts or gratuities may be accepted or given without written consent from the Managing Director of the Company, and all such gifts and accompanying documentation must be registered in the non-cash incentive/gifts register. In exercising his/her discretion, the Managing Director must have regard to any commission regulations or other laws which may be breached by the receipt of any such gift. A written statement from the giver explaining the reason for and purpose of the gift must accompany any request for authorisation. This provision applies, without limiting the generality of the aforementioned also to invitations to any functions, including lunches, dinners, training interventions and prize giving's.
- The gifts register shall be kept electronically. The Company's compliance manager shall audit the gifts register per the compliance plan to determine whether any gifts or incentives exceeded the aggregate value of R1000.00 in the same calendar year. The results of the audit shall be communicated to the Managing Director. In determining whether any gift or incentive is to be allowed, the Managing Director shall have regard to this report.
- It is prohibited to offer or accept:
 - loans, cash, or personal cheques;
 - gifts, favours or any form of hospitality or entertainment in return for, or in exchange for, business services or information. (Such action may create an actual or perceived conflict of interest or may give the impression of anti-competitive behaviour); and

- Gifts or hospitality of an inappropriate nature (for example, sexually oriented) or at inappropriate venues.
- The Company employees shall:
 - ensure gifts and hospitality are modest and comply with applicable laws, regulations, and local customs;
 - use good judgement in deciding what is 'modest';
 - ask what the recipient's employer's policy is and take that into consideration in offering gifts or hospitality, especially to government officials;
 - clearly articulate the Company's practices on the offering and accepting of gifts and hospitality at the beginning of new business relationships, especially where cultural norms may be different to those outlined in this Policy and the Company Code of Conduct;
 - assess the potential for a conflict of interest when offering or accepting gifts or hospitality;
 - be prepared to decline politely any offer not in line with our practices; and
 - regard gifts or hospitality received through an intermediary as the same as those given directly.
- Employees shall not:
 - accept or offer prohibited gifts and hospitality;
 - accept or offer gifts, favours or hospitality from any organisation involved in a bid or tender with the Company (this does not include working meals provided by advisors or consultants acting for the Company);
 - request a gift or hospitality of any kind from a supplier, customer, partner, or other party with whom the Company does business (this includes both direct requests and giving the impression that the offer of a gift or hospitality would be appropriate or desirable);
 - personally, pay for a gift or hospitality to avoid complying with this Policy and the Company Code; and
 - make any loans on behalf of the Company to any of its "prescribed officers" or anyone of its Board of Directors

2.7 INSIDER TRADING

Officers, directors, and employees of the Company will often encounter, or have possession of, proprietary, confidential, or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. Proprietary, confidential, and sensitive business information about the Company, other companies, individuals, and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis. Misuse of material inside information about trading in the Company securities can expose an individual to civil liability and penalties. Under current legislation, directors, officers, and employees in possession of material information not available to the public are “insiders.” Spouses, friends, suppliers, brokers, and others outside the Company who may have acquired the information directly or indirectly from a director, officer or employee are also “insiders.” The Act prohibits insiders from trading in, or recommending the sale or purchase of, the Company securities, while such inside information is regarded as “material”, or if it is important enough to influence you or any other person in the purchase or sale of securities of any company with which we do business, which could be affected by the inside information. The following guidelines should be followed in dealing with inside information:

- Until the material information has been publicly released by the Company, an employee must not disclose it to anyone except those within the Company whose positions require use of the information.
- Employees must not buy or sell the Company’s securities when they have knowledge of material information concerning the Company until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees shall not buy or sell shares of another corporation, the value of which is likely to be affected by an action by the Company of which the employee is aware and which has not been publicly disclosed.

Officers, Directors, and employees shall:

- seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements;
- refrain from gathering competitor intelligence by illegitimate means and refrain from acting on knowledge which has been gathered in such a manner; and/or
- seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

3 DEFINITIONS

- 3.1. “The Company”** is defined as National Risk Managers (Pty) Ltd an Underwriting Manager FSP number (47132).
- 3.2 “The Act”** means the Financial Advisory and Intermediary Services Act, 2002.
- 3.3 “Associate”** ‘means a person or entity sharing a common connection with an organisation or business.
- 3.4 “Client”** means a specific person or group of persons, excluding the public, who is or may become the subject to whom a financial service is rendered intentionally.
- 3.5 “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, influence objectivity or prevent unbiased and fair financial services to a client.
- 3.6 “Provider”** means an authorised Financial Services Provider.
- 3.7 “Writing or Written”** includes communication by telefax or any appropriate electronic mediums that is accurately and readily reducible to written or printed for.
- 3.8 “Representative”** means any 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.
- 3.9. “Personal interests”** that can bring a benefit or disadvantage to the staff member or to others. Personal interests include financial interests and interests arising from close personal relationships or involvement in cultural, sporting, religious or social activities. They also include interests that may lead to a tendency or predisposition to favour or to be prejudiced against a person or an organisation.

3.10. “Third party” means

- a) a product supplier;
- b) another provider;
- c) an associate of a product supplier or provider.

4 REFERENCES

The Company Code of Conduct

Financial Advisory and Intermediary Services Act, 2002

IT Data Backup and Retention Policy and Procedures

Complaints Policy and Procedures

5 LEGAL REQUIREMENTS

Compliance with applicable Laws and Regulations within which the Company operates must be ensured always. It is the responsibility of management to ensure compliance and it is up to him/her to seek legal advice as deemed necessary.

In terms of this Conflict of Interest Policy & Procedure, the following legal requirements shall be taken into consideration:

- The **Financial Advisory and Intermediary Services Act (No 37 of 2002)**, which regulates the rendering of certain financial and intermediary services to clients.
- The **General Code of Conduct for Authorised Financial Services Providers and Representatives** which applies to all financial services providers and representatives.

6 MEASURES FOR MITIGATION

The Compliance Manager of the Company shall review all conflicts on a quarterly basis and make recommendations regarding steps to avoid a recurrence of those aspects. The MD shall accept responsibility for the implementation of all steps deemed necessary. Notice of the attention paid to conflict of interest must be contained in the minutes of the meeting assuring the purpose of which is to enable the compliance manager to ensure this policy is adhered to in the correct manner.

Where a conflict is identified, and a decision made, the nature of the decision must be communicated to the third party in writing as soon as possible. This applies regardless of whether the decision was made to cease doing business or continue with this business despite the existence of the conflict. It is important for the preservation of the corporate integrity that these disclosures are made always.

7 VIOLATIONS OF THE CONFLICT OF INTEREST POLICY AND PROCEDURE

Violation of this Code/Conflict of Interest Policy can result in disciplinary action being taken against the person, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether the violator cooperated in any subsequent investigation.

8 STAFF TRAINING AND GENERAL AWARENESS

All the Company's staff must be trained on this policy. A copy of the policy must be provided to each staff member at inception of that staff member's duties and updated versions must be circulated as and when they are updated. Moreover, all the Company's clients - existing and future - must be made aware of the existence of this policy. The policy must be posted on the Company's website under the section "Internal Company Policies". It is the responsibility of the Administration manager to ensure that the provisions of this paragraph are adhered to.

9 DEVIATIONS FROM COMPANY POLICY

This documented Conflict of Interest Policy shall be adhered to always. Any violation of this Policy can result in disciplinary action being taken against the person, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether the violator cooperated in any subsequent investigation.

Any deviation from this procedure or related procedure should be communicated in writing and should detail the reason for the deviation and should contain clear instructions of the alternate process to follow.

10 APPENDIXES

- Appendix A Declaration by Employee
- Appendix B Conflict of Interest Disclosure Form

Declaration by Employee Form

I, the undersigned employee, hereby declare as follows:

1. I have received a copy of this Policy and that I am familiar, and understand the content thereof;
2. I have attended a presentation on the Policy; and
3. For the duration of my employment at the Company, I agree to abide by the provisions of this Policy.

Signature: _____ Name and Surname: _____

Designation: _____ Department: _____

Date: _____

Date: ___ / ___ /20___

Letter of Disclosure

Conflict of Interest

Conflict of Interest means any situation in which you may have an actual or potential interest that may influence the objectivity or prevent unbiased and unfair services to a client.

Examples of Conflict of Interest that may arise include:

- Where an employee acquires or has acquired an interest in an entity which is not owned or controlled by the Company, including, without limitation, by being a shareholder, member, director, owner, trustee, or partner. This does not apply to investments in shares which are listed on a registered stock exchange;
- Doing business on behalf of the Company with any current or potential supplier, advisor, customer, competitor, or business associate of the Company in which the employee has an interest of any nature whatsoever;
- Accepting personal favours or any form of preferential treatment from any current or potential supplier, advisor, customer, competitor, or business associate of the Company;
- Entering any agreement, arrangement or understanding with any third party to the detriment of the Company;
- Contracting with any third party, who is a current or potential supplier, advisor, customer, competitor, or business associate of the Company in his/her personal capacity or other than as a representative of the Company; and/or
- Engaging in activities in his/her private capacity or other than as a representative of the Company which may impact adversely on his/her ability to fulfil his/her obligations to the Company whether as an employee, officer, or director, with integrity and in the best interests of the Company.

I, _____ (name) _____, ID _____
_____ hereby disclose,

I am engaged in any matters which give rise to an actual or potential conflict of interest.

(Required Fields to be filled in below)

[Entity Name] _____.

Description	of	Business:

OR

I am not engaged in any matters which give rise to an actual or potential conflict of interest.

I am aware and acknowledge the consequences of a conflict of interest as stated in the Disciplinary Code and Company Policies of The Company.

“Violation of this Code/Conflict of Interest Policy can result in disciplinary action being taken against the person, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether the violator cooperated in any subsequent investigation.”

Employee Declaration

Full Name: _____

Department: _____

Signature: _____

Date: _____

Compliance Manager: _____

Signature: _____

Date: _____