

ITOO'S FAIS CONFLICT OF INTEREST (COI) MANAGEMENT POLICY

This policy is applicable to ITOO Special Risks (Pty) Ltd (ITOO) staff and contractors – FSP. 47230

1. STATUTORY DEFINITIONS FOR THE PURPOSES OF THIS POLICY

- "associate" *means*
1. in relation to a natural person, means:
 - 1.1 a person who is recognized in law or the tenets of religion as the spouse, life partner or civil union partner of that person
 - 1.2 a child of that person, including a stepchild, adopted child and a child born out of wedlock
 - 1.3 a parent or stepparent of that person
 - 1.4 a person in respect of which that person is recognized 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
 - 1.5 a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs 1.2 to 1.4
 - 1.6 a person who is in a commercial partnership with that person.

 2. in relation to a juristic person:
 - 2.1 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
 - 2.2 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
 - 2.3 which is not a company or a close corporation as referred to in subparagraphs 2.1 or 2.2, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - 2.3.1 had such first-mentioned juristic person been a company, or
 - 2.3.2 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
 - 2.4 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

3. in relation to any person:

3.1 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

3.2 includes any trust controlled or administered by that person.

"Conflict of Interest"

means any situation in which a provider has an actual or potential interest that may, in rendering an Intermediary Service to a client:

1. influence the objective performance of his, her or its obligations to that client, or
2. prevent a provider or representative from rendering an unbiased and fair financial service to that client, including, but not limited to:

- 2.1 a financial interest
- 2.2 an ownership interest
- 2.3 any relationship with a third party.

"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:

1. an ownership interest
2. training, that is not exclusively available to a selected group of providers or representatives, on:
 - 2.1 products and legal matters relating to those products
 - 2.2 general financial and industry information
 - 2.3 specialised technological systems of a third party necessary for rendering a financial service, but excluding travel and accommodation associated with that training.

"Immaterial financial interest"	<i>means</i>	any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 (one thousand Rand) in any calendar year from the same third party.
"Third party"	<i>means</i>	a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

2. POLICY STATEMENT

ITOO is committed to complying with the regulatory requirements of good governance of conflicts of interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of ITOO's clients, policyholders and partners.

3. THE MANAGEMENT OF COI

3.1 Mechanisms for the identification of COI

Prior to concluding new business arrangements, ITOO shall consider whether the proposed arrangement will present any potential conflicts of interest. It will be the responsibility of the Director/General Manager, entering into the relationship on behalf of ITOO, to ensure that any potential conflicts of interest are identified and appropriately documented before the relationship progresses.

The Director/General Manager will be accountable for ensuring that the necessary reviews of all existing business arrangements are conducted at least annually to assess the existing and any potential further conflicts of interest in the light of changing circumstances, or operational processes and procedures that may have been implemented since the commencement of the business.

3.2 Measures for the avoidance and mitigation of identified COI

Whenever any potential conflicts of interest are identified, the department/division responsible for the relationship will consider whether any practical means exist for avoiding such conflicts of interest. Where this is not practical, the Director/General Manager will consult with the Compliance Officer to devise appropriate and adequate measures to mitigate and manage the identified conflicts of interest.

These measures will be documented and communicated to all staff involved in managing the relationship so as to ensure that the associated risks are appropriately managed.

3.3 Measures for the disclosure of COI

Wherever potential conflicts of interest are identified, the Director/General Manager will ensure that appropriate disclosures are made to potential clients. The following aspects are included in the disclosure information and documentation provided:

3.3.1 the existence of the conflict of interest

- 3.3.2 a description of what the conflict is
- 3.3.3 its impact
- 3.3.4 the measures taken to mitigate and manage it
- 3.3.5 an option for the customer to choose whether he/she wishes to continue with purchasing the product.

3.4 Processes, procedures and internal controls to facilitate compliance

The Director/General Manager will be required to ensure that the policy is implemented in their departments/divisions and will on an annual basis warrant to the Compliance Officer in writing that they have met their obligations under this policy and describe the steps taken to do so.

Training for all affected staff will be provided by the ITOO Internal Compliance and Training Departments to ensure that they understand their responsibilities under this policy.

- a. All staff completes COI declarations in the payroll system on annual basis.
- b. Online COI training is completed by all staff on annual basis. The online training system is used.

The External Compliance Officer will monitor compliance with this policy and will perform the necessary reviews, in consultation with management, so as to ensure that appropriate procedures and processes are in place.

The External Compliance Officer will facilitate an annual review of this policy so as to ensure that it remains relevant and appropriate to meet the statutory requirements.

4. FINANCIAL INTERESTS OFFERED TO ITOO'S REPRESENTATIVES

ITOO may offer its representatives sales incentives, in addition to their basic salary, based upon a combination of:

- 4.1 the quantity of business introduced, and
- 4.2 the quality of the service rendered to customers (as measured by ITOO's quality assurance process).

5. FINANCIAL INTERESTS OFFERED BY ITOO TO THIRD PARTIES or RECEIVED BY ITOO FROM THIRD PARTIES

ITOO may only offer to third parties or may receive from third parties, the following financial interests:

- 5.1 fees for the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees:
 - 5.1.1 are specifically agreed to by the third party in writing, and
 - 5.1.2 may be stopped at the discretion of that third party
- 5.2 fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably in line with the service being rendered
- 5.3 any immaterial financial interest as defined in the FAIS General Code of Conduct. Controls are in place to ensure adherence to FAIS regulatory standards.

- 5.4 any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

6. LIST OF ITOO'S ASSOCIATES

The following entity is an associate of ITOO:

- 6.1 ITOO Investments (Pty) Ltd: Registration no. 2006/029139/07
- 6.2 Renew Risk Africa (Pty) Ltd.

7. THIRD PARTIES IN WHICH ITOO HOLDS AN OWNERSHIP INTEREST

ITOO holds a 72% interest in Renew Risk Africa (Pty) Ltd.

8. THIRD PARTIES WHO HOLD AN OWNERSHIP INTEREST IN ITOO

The following third parties hold an ownership interest in ITOO:

- 8.1 Sand Olive Investments, a subsidiary of The Hollard Insurance Company Ltd: Registration no. 1952/003004/06 (30% ownership)
- 8.2 ITOO Investments (Pty) Ltd: Registration no. 2006/029139/07 (70% ownership)

9. MANAGING IDENTIFIED POTENTIAL CONFLICTS

- 9.1 ITOO undertakes a number of sponsorship initiatives and events. These may be for individual people/company or for a designated group of people. It is acknowledged that such events could be seen as creating a potential conflict of interest and as such we ensure that such events neither breach the letter nor the spirit of the FAIS regulatory framework.
- 9.2 All events and ownership structures and their related controls are documented and updated as and when there are changes under the guidance of our internal and external compliance structures.
- 9.3 Any requests for a detailed procedure should be directed to warwickg@itoo.co.za

10. CONSEQUENCE OF NON-COMPLIANCE WITH THIS POLICY

This policy must be adhered to by ITOO staff members, including the Key Individuals and Registered Representatives. Failure to comply with the provisions of this policy by any staff member or FAIS representative shall constitute serious misconduct and shall result in disciplinary action being initiated against such staff member or representative.