

# Hollard Group FAIS Conflict of Interest (COI) Management Policy

*Applicable to The Hollard Insurance Company Ltd - FSP 17698, Hollard Life Assurance Company Ltd - FSP 17697, Hollard Specialist Life Limited - FSP 18146, Hollard Specialist Insurance Limited - FSP 25511, and the Hollard Investment Managers (Pty) Ltd - FSP 32521*

## 1. Statutory definitions of COI

**“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 or its 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 best interests of that client,

Including, but not limited to –

- (i) a financial interest;
- (ii) an ownership interest;
- (iii) 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 –

- (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;

**“immaterial financial interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party;

**“third party”** means 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

The Hollard Insurance Company Ltd, Hollard Life Assurance Company Ltd, and Hollard Investment Managers (Pty) Ltd (collectively “Hollard”) are committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders.

## 3. The management of COI

### 3.1. Mechanisms for the identification of COI

Before we conclude new business arrangements, we shall consider whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of the Business Unit Head entering into the relationship on behalf of Hollard to ensure that this identification process is carried out and appropriately documented before the relationship is progressed.

Business Unit Heads will be accountable to ensure that the necessary reviews of all existing business arrangements are conducted at least annually to assess the ongoing conflict of interest in the light of changing circumstances, 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 conflict of interest is identified, the Business Unit responsible for the relationship will consider whether any practical means exist for avoiding such conflict of interest. Where this is not practical, the Business Unit Head will consult with the Compliance team to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.

The resulting mitigating and managing measures will be documented and communicated to all staff involved in managing the relationship to ensure that the risk of the identified conflict of interest is appropriately managed by the affected business unit.

### **3.3. Measures for the disclosure of COI**

Wherever potential conflict of interest is identified, the Business Unit Head will ensure that appropriate communication regarding the following aspects is included in the disclosure information and documentation provided to potential customers purchasing products:

- The existence of the conflict of interest;
- A description of what the conflict is;
- Its impact.
- The measures taken to mitigate and manage it; and
- The customer's free choice whether he wishes to continue with purchasing the product.

### **3.4. Processes, procedures and internal controls to facilitate compliance**

Business Unit Heads will be required to ensure that the policy is implemented in their business units and will on an annual basis warrant to the Compliance Department 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 Compliance Department to ensure that they understand their responsibilities under this policy.

The Compliance team will monitor compliance with this Conflict of Interest Management policy and will perform the necessary reviews in consultation with Executive Management to ensure that appropriate procedures and processes are in place and effective to comply with the policy.

The Compliance team will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.

## **4. Financial interests offered to Hollard representatives**

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

- The quantity of business introduced, and
- The quality of the service rendered to customers (as measured by the Hollard Quality Assurance process).

No sales incentives may be offered to representatives for preferring one product over another that may be offered to a customer.

Hollard's representatives are not authorised to sell, and may not accept remuneration for selling, the products of other product suppliers, except to the extent that Hollard has entered into agreements with such product suppliers to sell the products of the product suppliers.

## **5. Financial interests offered by Hollard to Third Parties**

Hollard may only offer the following financial interests to third parties:

- Commission authorised under the Long Term or the Short-Term Insurance Acts
- fees that are reasonably in line with the service being rendered and authorised under the Long Term or the Short-Term Insurance Acts
- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees -  
(aa) are specifically agreed to by a client in writing; and  
(bb) may be stopped at the discretion of that client.
- 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.
- any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- 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. Consequence of non-compliance with this policy**

Failure to comply with the provisions of this policy by any staff member or FAIS representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member or representative.

**Note - For a list of Hollard's associates, third parties in which Hollard holds an interest, and third parties who hold an interest in Hollard, please email [anzebet@hollard.co.za](mailto:anzebet@hollard.co.za)**