

CONFLICT-OF-INTEREST POLICY

FOR

THE STANDARD GENERAL INSURANCE COMPANY LIMITED

Contents

1	OVERVIEW	3
2	IN A NUTSHELL.....	3
3	PURPOSE.....	3
4	WHAT DO WE MEAN? / DEFINITIONS	4
5	OBJECTIVES	6
6	CONFLICT OF INTEREST	6
7	MANAGEMENT	7
8	MANAGEMENT MEASURES.....	8
9	CONSEQUENCES OF NON-COMPLIANCE	10


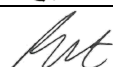
1 OVERVIEW

1.1 REVISION HISTORY

Version	Author	Date	Revision
1	Thobile Mlambo (Junior Compliance Officer)	April 2021	Initial policy drafting
2	Prianca Naidoo (Junior Compliance Officer)	November 2021	Reviewing initial policy
3	Christiene Pretorius (Head of Compliance)	January 2022	Reviewing initial policy

1.2 OPERATIONAL APPROVALS

The document has obtained the following approvals:

Version	Name	Nature	Approval signature	Date of Approval
3	William Harris	Chief Operating Officer		2022/02/03
3	Bani Schmidt	Sales & Marketing Executive		2022-02-03

2 IN A NUTSHELL

- 2.1 As part of our commitment to providing fair and unbiased royal service, we require that all our staff adhere to this policy by declaring any gift or financial interest that they receive from a third party. This includes any financial or business interest that they have outside of work, and any gifts (money, vacations etc.) they receive from suppliers, consultants, clients, or other external parties.
- 2.2 Stangen's Governing Body, its employees, volunteers, contractors, suppliers and any other persons acting on behalf of the organisation are required to familiarise themselves with the policy's requirements and undertake to comply with the stated processes and procedures.

3 PURPOSE

- 3.1 This conflict-of-interest policy outlines our approach and response to the identification and management of conflicts of interest. This policy complies with the procedures prescribed in the Financial Services Board (FSB) Notice 58 of 2010, which amends the general code of conduct for financial services providers and representatives published in the FSB Board Notice 80 of 2003, as amended by the FSB Board Notice 43 of 2008.
- 3.2 All financial services providers (FSPs) are regulated by the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS Act).
- 3.3 The document is intended to clearly define such conflict and detail and communicate the process for declaring and managing potential conflicts.
- 3.4 Stangen is committed towards acting within the best interests of our clients and to avoid all conflict of interests in relation to the provision of financial services. Where we are unable to avoid

a conflict of interest, we will take all necessary precautions to ensure that any actual or potential conflict of interest is mitigated and adequately disclosed to our clients.

3.5 In order to ensure the continued demonstration of our commitment, management has adopted a Conflict-of-Interest Management policy to provide for the effective management.

3.6 The purpose of the Conflict-of-Interest Management Policy is therefore to:

- establish internal controls and mechanisms towards the identification of conflicts of interest
- establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore
- establish measures to ensure that any unavoidable conflicts of interest are mitigated
- establish measures to ensure the proper disclosure of any conflicts of interest
- establish processes, procedures and internal controls to facilitate compliance with the policy
- communicate the consequences of non-compliance with the policy

4 WHAT DO WE MEAN? / DEFINITIONS

Associate

In relation to a natural person, this means someone who's recognised in law or the tenets of religion as:

- The person's spouse, life partner or civil union partner.
- The person's child, including a stepchild, adopted child and child born out of wedlock, including the child's spouse, life partner or civil union partner.
- The person's parent or stepparent, including the parent's spouse, life partner or civil union partner.
- Someone who's appointed by a court as being legally responsible for managing the affairs, or meeting the daily care needs of the person, including the manager or care giver's spouse, life partner or civil union partner.
- Someone who's in a commercial partnership with the person.

In relation to a juristic person, which is:

- A company, this means any subsidiary or holding company of the company, any other subsidiary of the holding company, and any other company of which the holding company is a subsidiary.
- A close corporation registered under the Close Corporations Act No. 69 of 1984, this means any member thereof as defined in section 1 of the Act.
- Not a company or a close corporation, this means another juristic person which would've been a subsidiary or holding company of the first-mentioned juristic person had such first-mentioned juristic person been a company.

In relation to a juristic person that isn't a company:

- This means any person in accordance with whose directions or instructions the board of directors or members of, or in the case where the juristic person isn't a company or close corporation, the governing body of, the juristic person is accustomed to act on, had both the first- and second-mentioned juristic persons been a company.

In relation to any person, this means:

- Any juristic person of which the board of directors or members, or in the case where such juristic person isn't a company or close corporation, the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned juristic person, and includes any trust controlled or administered by that person.

Client

In relation to a specific person or group of persons, excluding the general public, who is or may become subject to, a financial service rendered intentionally by the FSPs.

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 the objective performance of his, her or its obligations to the client.
 - Prevent a provider or representative from rendering an unbiased and fair financial service to the client, or from acting in the interests of the client, including but not limited to:
 - A financial interest.
 - An ownership interest.
 - Any relationship with a third party.

Distribution channel

- Any arrangement between a product supplier or any of its associates and 1 or more providers or any of their associates, that provides support or services to the provider or providers in terms of rendering a financial service to a client.
- Any arrangement between 2 or more providers or any of their associates, which facilitates, supports or enhances a relationship between the provider or providers and a product supplier.
- Any arrangement between 2 or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

Financial interest

A financial interest includes cash, cash equivalents, vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives and valuable considerations other than:

- An ownership interest.
- Training that isn't exclusively available to a selected group of providers or representatives, on:
 - Products and legal matters relating to those products.
 - General financial and industry information.
 - Specialised technology systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with the training.

FSP

A financial services provider authorised in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002.

Immaterial financial interest	Any financial interest with a determinable monetary value, the aggregate of which doesn't exceed R1,000 in any calendar year from the same third party in that calendar year, which is received by: <ul style="list-style-type: none"> • A provider who is a sole proprietor. • A representative, for his or her direct benefit. • A provider who, for its own benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.
Stangen	The Standard General Insurance Company Ltd, an authorised FSP (FSP no. 47235) and licensed insurer in terms of the Insurance Act, 2017. Registration Number 1948/029011/06.
Ownership interest	An equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest that's held by an approved nominee on behalf of another person, including any dividend, profit share or similar benefit derived from the equity or ownership interest.
Product provider	An authorised FSP who's registered as such with the Financial Sector Conduct Authority.
Product supplier	Any person or juristic person who issues a financial product by virtue of an authority, approval or right granted to them under any law.
Responsible person	A key individual, representative or employee of a product supplier or FSP.
Third party	<ul style="list-style-type: none"> • A product supplier. • Another provider. • An associate of a product supplier or an FSP. • A distribution channel. • Any person who, in terms of an agreement or arrangement with another third party, provides a financial service to a provider or its representatives.

5 OBJECTIVES

- 5.1 Stangen is an authorised financial services provider. Like any FSP, we're potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so this policy sets out how we:
- Identify circumstances that may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests.
 - Have established appropriate structures and systems of control to manage conflicts.
 - Will maintain systems in an effort to prevent damage to our clients' interests through identified conflicts of interest.

6 CONFLICT OF INTEREST

- 6.1 We strive to ensure that we're able to appropriately and effectively identify and manage potential conflicts. We may manage potential conflicts through avoidance, by establishing confidentiality barriers, and by providing appropriate disclosure of the conflict to affected clients.

- 6.2 In determining whether there is, or may be, a conflict of interest to which this policy applies, we consider whether there's a material risk of damage to a client, taking into account whether we, or a representative, associate or employee:
- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client.
 - Has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome.
 - Has a financial or other incentive to favour the interest of another client, group of clients, or any other third party over the interests of a client.
 - Receives, or will receive, from a person other than a client, an inducement in relation to a service provided to a client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.
- 6.3 The primary responsibility for the identification of a conflict-of-interest rests with the representatives, employees and individual members of the governing body of the FSP.
- 6.4 Throughout the process of rendering a financial service to a client, a representative must apply his or her mind to answering the following questions:
- Is there any situation that exists that influences the objective performance of my obligations to my client?
 - Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
 - Is there any situation that exists that prevents me from acting in the best interest of my client?
- 6.5 If the answer to all three questions is "no", then there is no conflict of interest associated with the financial service and the representative may proceed.
- 6.6 If the answer to any one of the three questions is "yes", the representative must proceed to answer the following additional questions:
- Is the situation caused as a result of an actual or potential relationship with a third party? (see definition of "Third party")
 - Is the situation caused by an actual or potential financial or ownership interest? (see definition of "Financial interest" and "Ownership interest")
- 6.7 If the answer to any of these questions is "yes", an actual or potential conflict of interest will have been identified,

7 MANAGEMENT

- 7.1 Specific monetary measures that we focus on include:
- Only receiving commissions authorised in terms of applicable legislation and, if applicable, fees which are disclosed to our clients.
 - Not offering any financial interest to any representative or employee for:
 - Giving preference to the quantity of business secured for a provider to the exclusion of quality service.
 - Giving preference to a specific product supplier, where more than 1 supplier can be recommended to a client.
 - Giving preference to a specific product of a supplier, where more than 1 product of that supplier can be recommended.
- 7.2 The general code of conduct also prescribes that we must disclose to clients that we hold more than 10% of shares in a product supplier and whether we receive more than 30% of our remuneration from 1 product supplier over a 12-month period.

- 7.3 The compliance report queries whether we sell financial products from only 1 product supplier.
- 7.4 We consider the measures that we've implemented to manage identified conflicts as being appropriate to our efforts to take reasonable care that, in relation to each identified potential conflict of interest, we act impartially to avoid a material risk of harming clients' interests.

Procedures	<p>We've adopted appropriate procedures throughout our business to manage potential conflicts of interest. Our representatives, associates and employees receive guidance and training in these procedures and are subject to monitoring and review processes.</p> <p>There are specific measures and consequences in place for non-compliance with our conflict-of-interest policy.</p> <p>Confidentiality barriers</p> <p>Our representatives, associates and employees respect the confidentiality of client information and disclose or use it with circumspect. No information may be disclosed to a third party without our clients' written consent</p>
Disclosure	<p>If there's no other way of managing a conflict, or if the measures in place don't sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. To date no such circumstances have arisen.</p>
Publication	<p>We'll publish our conflict-of-interest management policy in appropriate media and ensure that it's easily accessible for public inspection at all reasonable times.</p>
Reporting	<p>The provider, compliance officer or key individual will include a report on the conflict-of-interest management policy in the annual compliance report submitted to the registrar.</p>
Declining to act	<p>We may decline to act for a client in cases where we believe that a conflict of interest can't be managed in any other way.</p>

8 MANAGEMENT MEASURES

8.1 Identifying conflict of interest

We create awareness and knowledge of applicable stipulations of the general code of conduct and relevant legislation relating to conflict of interest, through training and educational material.

8.2 Avoiding / Mitigation of conflict of interest

To avoid conflicts of interest we:

- Avoidance which means to not enter into or to distance the company from the circumstances or situation that creates the conflict, or
- Mitigate which means to acknowledge the conflict situation, but to put in place measures that endeavour to reduce the impact of the conflict, and
- To disclose to the affected parties the details of the situations that are identified and the measures taken, if any, to reduce the conflict.
- Ensure understanding and adoption of this conflict-of-interest policy and
- management measures by all employees, representatives and associates.
- Regularly inspect and review all commissions, remuneration, fees and financial interests
- proposed or received.

- Keep a register of conflicts of interest

8.3 The Company may not offer any financial interest to its representatives for:

- Giving preference to the quantity of business secured for the Company to the exclusion of the quality of the service rendered to clients.

8.4 The ultimate objective is to ensure that clients at all times receive the best possible advice and / or intermediary services.

8.5 The approach is to firstly avoid where possible, mitigate others and disclose the positions where the company has decided to continue the action or transaction.

8.6 Where disclosure of conflicts (including potential conflicts) involves clients, the standard approach to adopt is formal disclosure “at the earliest reasonable opportunity”. Such opportunity is deemed to be when clients are provided with the initial advice / quote, which is undertaken by the broker.

8.7 The Compliance Officer of the Company is available to assist in the handling of any identified conflict relating to the business of the Company. This may involve assessing and evaluating the conflict within the Company and deciding upon the appropriate response to the conflict.

8.8 **INTERNAL PROCESSES**

To ensure compliance with this Policy, Stangen has established the following internal procedures:

- The legal department conducts annual reviews on all contracts held with third parties in order to assess whether the contractual relationship in any way influences Stangen’s objective performance and its ability to render fair and unbiased financial services towards its clients.
- The compliance department will be responsible for the training of all Stangen staff in respect of conflicts of interests, including examples or possible conflicts of interest that may emerge with clients or with Stangen business interests.
- Operations department conducts annual reviews on all relationships where an ownership interest exists between the Stangen and a third party. The purpose of the review is to assess whether the relationship in any way influences Stangen’s objective performance and its ability to render fair and unbiased financial services towards its clients.
- Conflict of Interest declarations which are provided by the Human Resources department are signed by all relevant personnel on an annual basis. The purpose of collecting Conflict of Interest declarations is to assist Stangen’s Compliance Officer to identify conflicts of interest.
- The Compliance Officer will report on the identified conflict of interests in the compliance report.
- Stangen maintains a Gift Register. All gifts received or given to/from the same third party with an estimated value of R1000 or less per annum will be recorded in the Gift Register.
- Conflict of interest awareness training and educational material will be provided on an annual basis (if necessary)

8.9 **REPORTING AND DECLARATION PROCESS**

- All employees are required to immediately disclose expressly or in writing to their direct-line manager of any actual or perceived conflict of interests as soon as they become aware of such situation.
- The direct line manager must register the actual or perceived conflict of interest into the Declaration of Interest register (DOI).

- All direct line managers shall obtain and maintain access to the Declaration of Interest register (DOI).
- On a monthly basis the Operations Management Committee (OPs MANCO) shall evaluate the actual or potential conflict of interest and provide feedback to all relevant line managers to take necessary steps to mitigate the conflicts of interest.
- The Compliance Officer shall attend the OPs MANCO meetings and have access to the DOI to record all feedback and action taken towards avoiding or mitigating conflicts. This will be conveyed in the compliance report for the quarterly meetings held by the Risk and Compliance Committee.
- All gifts received or given to/from a third-party must be reported to the line manager and declared in the gift register by the line manager. Line managers shall have access to the gift register for representatives.
- Should a representative receive a gift from the same third party that is above legislated (R 1000) amount for the same year, such gift must be returned, in the same condition that it was received.
- All gifts received or given to/from third parties by any employee of Stangen must be reported to the Compliance Officer and be declared in the Gift register.

9 CONSEQUENCES OF NON-COMPLIANCE

In the event of non-compliance with our conflict-of-interest policy, our employees and representatives will be subject to appropriate disciplinary action in addition to any civil or criminal consequences.