



CONFLICT OF INTEREST MANAGEMENT POLICY

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1. INTRODUCTION

In terms of the Financial Advisory and Intermediary Services Act, Act No 37 of 2002 including subordinate legislation, YardRisk is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage a conflict of interest.

It further undertakes to avoid, and where this is not possible mitigate, any conflict of interest in the rendering of financial services between itself or its Representatives and the clients.

This policy provides for the management of conflicts of interest in compliance with the provisions of the Financial Advisory and Intermediary Services Act, 2002 ("FAIS") including subordinate legislation which YardRisk is subject to.

2. DEFINITIONS

For the purposes of the guidelines, we have used these definitions:

Associate: In relation to a 'natural person' means: a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person; a child of that person, including a stepchild, adopted child, and a child born out of wedlock; a parent or stepparent of that person; a person in respect of whom that person is recognised 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;

Associate: in relation to 'any person' means any juristic person of which the Board 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 instruction of the person first-mentioned in this paragraph includes any trust controlled or administered by that person;

Client(s): means specific person or group of persons, cell owners and policyholders excluding the general public who is or may become the subject to whom a financial service is rendered intentionally;

Compliance Officer: means the statutory compliance officer appointed in terms of the Financial Advisory and Intermediary Services Act in relation to YardRisk;

Committee: Audit and Risk Committee

Conflict of interest: In relation to a provider or a representative means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial interest to a Client(s), influence the objective performance of his or her or its obligations to that Client(s); or prevents a provider or representative from rendering an unbiased and fair financial service to that Client(s), or from acting in the interests of that Client(s), including but not limited to:

- a financial interest,
- an ownership interest;
- any relationship with a third party;

Conflict of interest: In relation to any employee, Director and/or representative: any situation in which private interests or personal considerations affects, may affect, or may be perceived to affect, an employee's, Director's and/or representative's judgment in acting in the best interests of YardRisk, including using an employee's, Director's and/or representative's position, confidential information or corporate time, material or facilities, for private gain or advancement or the expectation of private gain or advancement; of the employee, Director and/or representative or of any member of the employee's, Director's and/or representative's family, or friends or business associates of the employee, Director and/or representative;

Directors: Any member of YardRisk's Board of Directors.

Employee: Includes permanent employees, temporary employees, independent contractors and employees or contractors of contracted service providers;

“Exco” means YardRisk Insurance Limited’s Executive Committee;

FAIS: means Financial Advisory and Intermediary Services Act 37 of 2002 and all regulations, board notices and codes of conduct issued in terms of the act;

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 an ownership interest, training, that is not exclusively available to a selected group of providers or Representatives on products and legal matters pertaining to those products on general financial and industry information specialised technological systems of a third party necessary for the rendering of a financial service but excluding travel and accommodation associated with that training;

FSP: means Financial Service Provider authorised in terms of FAIS;

Financial Service Provider: means any person, other than a representative, who as a regular feature of the business of such person –

- (a) furnishes advice; or
- (b) furnishes advice and renders any intermediary service; or
- (c) renders an intermediary service;

Immaterial financial interest: Any financial interest with a determinable monetary value, the average of which is not more than R1 000 in any calendar year from the same third party in that calendar year received by a:

- provider, who is a sole proprietor,
- representative for that representative’s direct benefit,
- provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

Key individual: A person registered as such in terms of FAIS to oversee and manage the business or representatives of YardRisk;

Ownership interest: An equity ownership interest, for which the owner paid fair value. This excludes equity or ownership interest held by an approved nominee on behalf of another person. It also includes any dividend, profit share or similar benefit derived from that equity or ownership interest;

Permitted financial interest: means:

- Commission authorised under the Insurance Act and or the Short-Term Insurance Act as amended;
- Commission authorised under the Medical Schemes Act 131 of 1998;
- Fees authorised under the Insurance Act and the Short-Term Insurance Act as amended or the Medical Schemes Act 131 of 1998 if those fees are reasonable compensation for the service provided;
- Fees charged for a financial service for which commission referred to above is not paid, if
 - the client specifically agreed in writing to the fees;
 - the client may stop the fee at their discretion;
- Fees or remuneration for a service to a third party if these fees or remuneration are reasonable compensation for the service being delivered;
- Subject to any other law, an immaterial financial interest;
- A financial interest, not referred to above, for which the provider or representative pays a consideration, fair value or remuneration that is reasonable compensation for the fair value of the financial interest, at the receipt thereof;

Person: means any natural person, juristic person, partnership or trust;

Representative: Any employee of a financial services provider who renders financial services to a Client(s) on behalf of a financial services provider as defined in the FAIS Act;

Third party: This is a product supplier, another financial services provider, an associate of a product supplier or a financial services provider, a distribution channel, any person who, in terms of an agreement or arrangement with a person referred above, provides a financial interest to a provider or its Representatives;

YardRisk: means YardRisk Insurance Limited, a company duly registered in terms of the Companies Laws of South Africa.

3. OUR OBJECTIVES

The protection of the Clients' interests is YardRisk's primary concern and through this policy, YardRisk will provide a framework within which to address areas where conflicts of interest may arise, and to also align with the principles of TCF (and the responsibilities that are placed. Therefore, the main objectives of this policy are:

- To identify circumstances which may give rise to an actual or potential conflict of interest entailing a material risk of damage to Clients' interests;
- To have established appropriate structures and systems to manage this conflict; and
- To maintain systems to prevent damage to Clients' interests through identified conflict.

4. APPLICABILITY OF POLICY

This policy applies to all YardRisk employees including Directors, permanent and temporary staff, agents, consultants and their immediate family members. It is the responsibility of all employees to familiarize themselves with the contents of the policy and proactively seek guidance from the Compliance Officer and Chief Risk Officer in cases of uncertainty. YardRisk management is responsible to educate staff members within their respective areas of work on this Policy.

5. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the stakeholders responsible for governance of this Policy are as follows:

Board

- The Board is responsible for approval of the Policy.
- Individual board members are responsible for ensuring that they disclose their directorships annually and disclose any conflict or potential conflict of interests.

Audit & Risk Committee

This committee is responsible for reviewing and recommending the Policy and any proposed changes to the policy for Board approval.

Executive Committee ("Exco")

Ensures that all potential and actual conflicts of interest are managed in accordance with this Policy. The Exco is the most senior decision-making forum below the Board and is responsible for the following:

- ensuring that all employees, representatives and where appropriate, associates, are made aware of the contents of this Policy including training and/or education in this regard;
- ensuring that this Policy is easily accessible for public inspection at all reasonable times.

- ensuring that Representatives' remuneration, including financial incentives, is not contrary to the requirements of the FAIS Act and this Policy.

Chief Risk Officer and or the Compliance Officer

Monitor and report on compliance with this Policy. These Officers shall be responsible for the following:

- Drafting and amending this Policy and for submission for its consideration, approval and recommending to the Committee and the Board for approval;
- Monitoring compliance with the requirements of the FAIS Act and this Policy, and reporting all breaches to the appropriate level of the governance structures;
- Reporting in the annual compliance reports submitted to the Registrar of Financial Services Providers under the FAIS Act which must deal with the implementation of, monitoring of, compliance with, and accessibility of this Policy;
- Maintaining a conflicts of interest management register into which all declaration forms completed by employees and Representatives are recorded; and
- Assist the Exco in discharging its responsibilities including conducting and/or arranging appropriate training and guidance to employees and Representatives.

Staff

All staff members are responsible to ensure that they have disclosed and updated their disclosures of conflicts of interests and gifts as required in terms of this Policy.

6. IDENTIFICATION OF CONFLICT OF INTEREST

YardRisk will manage potential conflict through avoidance, establishing confidentiality barriers or by providing appropriate disclosure of the conflict to affected Clients.

In determining whether there is or may be a conflict of interest to which the Policy applies, YardRisk considers whether there is a material risk of damage to the Client, considering an employee thereof –

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the 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 or group of Clients over the Client's interests;
- receives or shall receive from a person other than the Client, an inducement in relation to a service provided to the Client in the form of monies, goods or services, other than the standard commission or fee for that service.

7. DECLARATION OF CONFLICTS OF INTEREST

7.1 In order to ensure proper corporate governance and transparency, relevant employees are required to declare any private interests that might affect the performance of their duties. To fulfil this requirement, any relevant interests must be declared to the Chief Risk Officer or the relevant key individual responsible for monitoring and managing a conflict of interest on behalf of YardRisk in the Register and or to the Compliance Officer.

7.2 Relevant employees and senior management must consider whether they need to disclose any personal involvement or business interests that might influence their judgement, deliberation or action as employees, or which might be perceived by a Client as doing so in order to allow Clients to make an informed decision on whether to continue using the services of YardRisk in the situation concerned.

- 7.3 The types of conflicts of interest to be recorded would include, *inter alia*, gifts and financial interests which must be recorded in the Gift Register. No employee should obtain any material personal benefits or favours.
- 7.4 It is each affected employee's responsibility to inform the relevant key individual responsible for monitoring and managing a conflict of interest and/or the Compliance Officer of any relevant changes as they occur and to register their interests in the Conflict of interest Register.
- 7.5 Where there is uncertainty about whether a particular interest should be declared, advice should be sought from the Compliance Officer and or the key individual responsible for monitoring and managing a conflict of interest.

8. DISCLOSURE OF CONFLICTS OF INTEREST

8.1 The General Code of Conduct also contains various provisions which are indicative of a duty to disclose a conflict of interest by Key Individuals, Representatives, management and Directors in order to ensure the fair treatment of Clients namely:

-
- (a) When a provider renders a financial service, the provider must disclose to the Client the existence of any personal interest in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest in relation to such service, and take all reasonable steps to ensure fair treatment of the Client.
- (b) "Non-cash" incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person to the provider could be viewed as a potential conflict of interest.
- (c) A provider must at the earliest reasonable opportunity, provide, where applicable, full and appropriate information of the nature, extent and frequency of any incentive, remuneration, consideration which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the Client, or for which the provider may become eligible, as a result of rendering the financial service.
- (d) The service must be rendered in accordance with the contractual relationships and with due regard to the interests of the Client which must be accorded appropriate priority over any interests of the provider.
- (e) The provider must not deal in any financial product, for own benefit, account or interest where the dealing is based upon advanced knowledge which would be expected to affect the prices of such product.
- (f) The provider should further disclose to a client if it holds 10% or more shares in a product supplier and whether it received more than 30% of its remuneration from one product supplier over a 12 months period.

8.2 The Key Individuals, Representatives, Management and Directors of YardRisk shall not: -

- (a) have a Financial Interest in any entity with which YardRisk conducts business, or that competes with YardRisk, unless disclosed and approved in accordance with this Policy. These entities include suppliers, customers, distributors, vendors, partners and competitors. Uber Personnel must not receive fees, commissions, or other compensation from any entities described above;
- (b) engage in any outside business activity that is competitive with any company business or any outside activity that affects the ability of the employee to devote appropriate time and attention to his/her assigned job responsibilities at YardRisk;
- (c) attempt to influence any company-related decision (including concerning hiring) or business dealings (including those concerning current or potential suppliers, customers, partners, competitors,) that may benefit or appear to benefit an

Immediate Family Member or an entity in which an Immediate Family Member is involved or has a Financial Interest. Normal company procurement processes must be followed to ensure there is no evidence of special treatment for Immediate Family Members;

- (d) accept or provide gifts or other items of value that might compromise or appear to compromise their ability to make objective and fair business decisions or might influence or appear to influence business relationships and;
- (e) compete with YardRisk and shall not exploit or take advantage of any business opportunity or potential opportunity that is discovered using the Company's property, information, or position for personal gain unless the opportunity is disclosed fully in writing and approved as described in this Policy;
- (f) take unfair advantage of any customers through manipulation, concealment, abuse of privileged information, misrepresentation of material fact or any other unfair dealing practices.

9. DIRECTORS' RESPONSIBILITIES

9.1 A conflict of interest also arises where a director has a personal interest which competes against that of YardRisk at which he or she is a director. Such conflicts may be intrinsic in nature and present such a serious and continuous conflict that the Director should resign or not take up the appointment.

9.2 King IV recommends that conflicts of interest should be avoided, and that certain conflicts of interest which are fundamental should be avoided. Other conflicts (whether real or perceived) could be managed through proper process and involves disclosure in good time and in full detail to the Board and then appropriately managed.

9.3 In terms of the common law, directors' fiduciary duties entail a duty not to place themselves in a position in which their personal interests conflict, or possibly may conflict, with their duty to act in good faith, for a proper purpose and in the company's best interest. Included in this is a duty not to compete with the company and to avoid a conflict between a director's interests and the interests of the company.

9.4 The Companies Act, 2008 ("the Act") read in conjunction with the common law makes provision for this disclosure of conflicts in section 75 which requires directors (widely defined to include prescribed officers and Board members) to disclose, in relation to matters considered at board meetings (section 75):

- their own personal financial interest in that matter; or
- the personal financial interest of 'related persons' in that matter (defined in the Act and includes a wide category of persons)
- that the director knows of or ought to have known of.

9.5 Appropriate disclosure of the conflict in a timely manner that allows other parties involved in the decision to make an informed decision is mandatory.

9.6 A key function of the chairman is to manage conflicts of interest. The chairman must ask affected Directors to recuse themselves from discussions and decisions in which they have a conflict, unless they are requested to provide specific input, in which event they should not be party to the decision

10. CONFLICT OF INTEREST MANAGEMENT PROCEDURES

10.1 YardRisk has adopted appropriate procedures to manage identified conflicts of interest and potential conflicts of interest in order to ensure that reasonable care is taken, in relation to each identified and/or potential conflict of interest and to act impartially and avoid a material risk of harming Clients' interests: -

- 10.1.1 Relevant employees shall receive guidance and training in these procedures, and they are subject to monitoring and review processes.
- 10.1.2 The Chief Risk Officer shall have the primary responsibility for identifying, recording and managing conflicts of interest with the assistance of the Compliance Officer.
- 10.1.3 The take on of new Clients shall be subject to approval by the Senior Management and the Chief Risk Officer who shall consider the existence of a conflict of interests in relation to the Client, and if so, will determine (together with the Compliance Officer) how the conflict should be managed.
- 10.1.4 Where no conflicts are identified the Client and matter may be taken on, subject to satisfactory anti-money laundering and other due diligence requirements being met.
- 10.1.5 The Compliance Officer will co-ordinate an annual questionnaire to be completed by relevant senior management and staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts).
- 10.1.6 Even when individuals completing the questionnaire are confident that an objective service will be provided, despite a potential conflict, they should report the conflict.
- 10.1.7 The Chief Risk Officer together with the Compliance Officer will assess the seriousness of identified possible conflicts, and will determine how the conflict should be managed paying attention to: -
 - (a) Whether current disclosures constitute adequate management;
 - (b) What further disclosures would constitute adequate management;
 - (c) Whether or not disclosure alone can adequately manage the conflict. Where it cannot, how the conflict should be avoided, or a decision made whether the conflict should be referred for Board consideration.
- 10.1.8 The Chief Risk Officer will maintain records of the conflict of interest management process, from identification through to effective resolution of the conflict. Details of all the declaration forms and conflict of interest forms will be recorded and updated in this register. Annexures of the *Representative and Key Individual Declaration of Conflict of Interest Form, Conflict of Interest Register and Conflict of Interest Monitoring Forms* are duly attached.
- 10.1.9 Where there is a complaint received about a failure by YardRisk or its Representatives to disclose a relevant interest, the complaint should immediately be sent to the Compliance Officer for evaluation and response in conjunction with the Chief Risk Officer.
- 10.1.10 The conflicts of interest procedures and their efficacy in operation will be reviewed by the Chief Risk Officer, in conjunction with the Compliance Officer, at least on an annual basis.

11. CONTROLLING CONFLICTS OF INTEREST

11.1 The conflicts of interest at YardRisk shall be managed by a combination of internal controls and appropriate disclosures. Depending on the circumstances and the nature of any given conflict: -

11.1.1 Confidentiality barriers:

Employees and Representatives of YardRisk shall respect the confidentiality of Client information and disclose or use it with circumspect. No such information may be disclosed to a third party without the written consent of a Client.

11.1.2 Monitoring:

The key individual in charge of supervision and monitoring of this policy will regularly provide feedback on all related matters.

11.1.3 Inducements:

Inducements from third parties in relation to services provided to Clients are acceptable to YardRisk only if they are appropriately disclosed to Clients and if it is either the payment of a normal fee or commission to continue the quality of our services to Clients and would not impair our duty to act in the best interest of clients.

11.1.4 Gifts:

YardRisk employees will not accept any gifts. Excessive gifts from Clients may result in a conflict of interest, which YardRisk are committed to avoiding.

11.1.5 Declining to act:

YardRisk may decline to act for a Client in cases where it believes the conflict of interest cannot be managed in any other way.

12 ACCEPTABLE FINANCIAL INTEREST

12.1 YardRisk and its Representatives may only receive or offer the following financial interest from or to a third party: -

12.1.1 Commission authorised under the Long-term Insurance Act, the Short-term insurance Act or the Medical Schemes Act, as applicable;

12.1.2 Fees authorised under the Long-term Insurance Act, the Short-term insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to the service being rendered;

12.1.3 Fees for the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees are specifically agreed to by a client in writing and may be stopped at discretion of the client;

12.1.4 Fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered;

12.1.5 An immaterial financial interest as defined;

12.1.6 A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by YardRisk or the Representative at the time of receipt thereof.

13 CONSEQUENCES OF NON-COMPLIANCE

13.1 Non-compliance by employees and/or representatives with this Policy will result in disciplinary action being taken against the individual/s which may include sanctions in terms of the Disciplinary Code.

13.2 In addition to this, sanctions may be imposed against representatives which emanate from the requirements of the FAIS Act including possible debarment.

13.3 A Directors of YardRisk shall be removed from office for failure to disclose an interest in which the Director is a party or is participating in the profits of any contract with YardRisk.

14 REVIEW

This policy document will be reviewed on an annual basis and submitted by the Chief Risk Officer to the Board for evaluation and amendment, where necessary.

A. ANNEXURE A: REPRESENTATIVE AND KEY INDIVIDUAL- REPRESENTATIVE AND KEY INDIVIDUAL DECLARATION OF CONFLICT OF INTEREST FORM

I, of YardRisk understand that if I, my family and / or close relatives have any direct or indirect interest in any company which has business dealings with suppliers and / or insurers, I shall make a declaration to YardRisk and to the management particularly to the Chief Risk Officer and/or Compliance Officer at YardRisk.

I hereby declare the following material existing / potential Conflicts of Interest (means any financial interest which exceeds the value of R1 000 (one thousand rand) in 1 (one) calendar year) arising from the discharge of my duties and concerning the Insurer, will be disclosed to YardRisk and to the management particularly to the Chief Risk Officer and or Compliance Officer at YardRisk.

It is my obligation to avoid situations that may result in a Conflict of Interest, but where this is unavoidable or impractical, I guarantee that all Conflicts of Interest will be declared. Immaterial Financial risks are not disclosed here but captured in the Company's Conflicts of Interest Register.

The abovementioned declarations will be made as and when they arise to YardRisk and to the management particularly to the Chief Risk Officer and or Compliance Officer at YardRisk which are then reviewed annually.

PERSONS/COMPANIES WITH WHOM/WHICH I HAVE PRIVATE FINANCIAL OR OWNERSHIP INTERESTS

I hereby declare the following material existing / potential conflicts of interest (means any financial interest which exceeds the value of R1 000 (one thousand rand) in 1 (one) calendar year) arising from the discharge of my duties and concerning the Insurer, will be disclosed to YardRisk and to the management particularly to the Chief Risk Officer and/or Compliance Officer at YardRisk.

These are the financial interests exceeding R1 000 in a (calendar) year that I received (including **Company Name**

Any other Conflicts I feel I should disclose

Representative Of YardRisk Limited

Signature & Date



B. ANNEXURE B: CONFLICT OF INTEREST REGISTER

Inducements received

Name of Director/ key individual/representative/staff member:.....

Master of Conflicts Register in terms of section 3 of the FAIS General Code of Conduct Recording material financial and ownership interests									
Financial Advisory and Intermediary Services Act 2002 (FAIS)									
Purpose: To record the conflicts of interest by YardRisk to comply with the requirements of the FAIS Act and other legislation. This register is intended as a summary document only									
Number	Date financial interest was received or offered	Received From who	Offered To who	Describe conflict (including detail and nature of financial interest)	Monetary value of the financial interest	Frequency	Reason For Avoidance	Reason For Acceptance Or Disclosure	Outcome-description, comments and learning
1									
2									
3									
4									
5									
6									



C. ANNEXURE C: CONFLICT OF INTEREST MONITORING FORM

Monitoring

Accountable official:.....

Number as above	Date checked	Comments	Actions required	Signature
1				
2				
3				