

CONFLICT OF INTEREST MANAGEMENT POLICY

(To be held in hard copy and kept available/visible for perusal of clients).

FSP NAME: INSCON INSURANCE BROKERS (PTY) LTD trading as INSCON HAWKINS (hereinafter being referred to as “The FSP” or “Insccon Hawkins and Associates”)

FSP NUMBER: 47533

KEY IDIVIDUAL/S: CP HAWKINS AND W CRONJE



1. BACKGROUND

This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place at Inscor Hawkins and Associates to identify, mitigate and manage the conflicts of interest to which it is a party and safeguard its client's interests and ensure fair treatment of clients.

The key information is summarized below. Detailed information can be obtained on request from the key individual who is responsible to monitor and manage conflicts of interest on behalf of the FSP.

2. OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change the existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board.

In terms of the Financial Advisory and Intermediary Services Act, 2002, the FSP is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest.

The FSP has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis. The FSP keeps and maintains a register in which all actual or potential conflicts are recorded.

3. MISSION STATEMENT ON CONFLICT OF INTEREST

The FSP is committed to ensuring that all business is conducted in accordance with good business practice. To this end the FSP conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, the FSP is potentially exposed to conflicts of interest in relation to various activities. However, the protection of its clients' interests is its primary concern and therefore the policy sets out how:

- 3.1 The FSP will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to its clients' interests;
- 3.2 It has established appropriate structures and systems to manage those conflicts; and
- 3.3 It will maintain systems in an effort to prevent damage to its clients' interests through identified conflict of interest.

4. UNDERSTANDING THE DEFINITIONS

4.1 Conflict of interest:

A conflict of interest may occur when the FSP or any of its representatives has an actual or potential interest when rendering a financial service to a client and therefore do not act objectively or do not render an unbiased or fair service to a client or do not act in the client's

interests. Such an actual or potential interest includes but is not limited to:

- 4.1.1 a financial interest;
- 4.1.2 an ownership interest;
- 4.1.3 any relationship with a third party;

And can be:

- 4.1.4 conflicts of interest between the FSP and the client;
- 4.1.5 conflicts of interest between its clients if the FSP is acting for different clients and the different interests conflict materially;
- 4.1.6 conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- 4.1.7 holding confidential information on clients which, if it would be disclosed or used, would affect the advice or services provided to clients.

4.2 A financial interest:

Financial interest includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration and excludes:

- 4.2.1 An ownership interest;
- 4.2.2 Training, that is not exclusively available to a selected group of providers or representatives, on –
 - 4.2.2.1 Products and legal matters relating to those products;
 - 4.2.2.2 General financial and industry information;
 - 4.2.2.3 Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

4.3 An ownership interest:

Any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee including any dividend, profit share or similar benefit derived from such interest.

4.4 Fair value:

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

5. WHAT MAY WE GIVE AND RECEIVE

The FSP's employees will not accept any financial interest other than those considered normal in their line of business. Excessive financial interest from clients may result in a conflict of interest, which the FSP is committed to avoiding.

Remuneration from third parties in relation to a service provided to clients is acceptable to the FSP 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 services to clients and does not impair the duty of the FSP to act in the best interests of clients.

Employees of the FSP may accept other financial interest from third parties including other financial services providers and product suppliers where the aggregated value of the financial interest received does not exceed R1000.00 in any calendar year from the same third party.

The FSP and its employees must similarly ensure that they do not offer financial interest in excess R1000.00 to any representative of another financial services provider or product supplier in any calendar year.

- 5.1 The FSP confirm that it will only receive financial interest from the aforesaid providers in the form of:
- 5.1.1 Commission authorized under the Short-term Insurance Act, 53 of 1998;
 - 5.1.2 Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
 - 5.1.3 Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by the client in writing and may be stopped at the discretion of the client;
 - 5.1.4 Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
 - 5.1.5 Subject to any other law, an immaterial financial interest;
 - 5.1.6 A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.
- 5.2 The FSP does not offer any financial interest to a representative for:
- 5.2.1 Giving preference to the quantity of business secured for the FSP to the exclusion of the quality of the service rendered to clients; or
 - 5.2.2 Giving preference to a specific product supplier, where the representative may recommend more than one product supplier to a client; or
 - 5.2.3 Giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

The employees of the FSP will not accept any financial interest other than those considered normal in their line of business. Excessive financial interest

from clients may result in a conflict of interest, which the FSP is committed to avoiding.

6. CONFIDENTIALITY

The employees of the FSP respect the confidentiality of client information and disclosure or use of it will be with circumspect. No such information may be disclosed to a third party without the prior written consent of a client.

No confidential client information may be used by the FSP or employees of the FSP for their own personal financial gain.

7. REMUNERATION POLICY

The remuneration policy of the FSP is described in the Contact Stage Disclosure letter.

8. PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

To adequately manage conflicts of interest the FSP must identify all relevant conflicts timeously.

In determining whether there is or may be a conflict of interest to which the policy applies, the FSP considers whether there is a material risk of damage to the client, taking into account whether the FSP or its representative, associate or employee:

8.1 is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

- 8.2 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;
- 8.3 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 the client;
- 8.4 receives or will 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 legislated commission or reasonable fee for that service.

The FSP maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

9. MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

- 9.1 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.
- 9.2 Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

- 9.3 Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- 9.4 Keep a register of conflict of interest.
- 9.5 Once a conflict of interest has been identified it needs to be appropriately and adequately managed which includes the following:
- 9.5.1 The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk.
 - 9.5.2 Compliance and management will then agree on the controls that need to be put in place to manage the conflict.
 - 9.5.3 Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to clients and the disclosure will include:
 - 9.5.3.1 The measures taken to avoid or manage the conflict;
 - 9.5.3.2 Details of any ownership or financial interest that the FSP or any representative of the FSP may become eligible for as a result of the situation giving rise to the conflict;
 - 9.5.3.3 The nature of the arrangement or relationship with the third parties that has caused the conflict;
 - 9.5.3.4 The fact that this conflict of Interest Policy exists and is available to the client on request.
 - 9.5.3.5 The disclosure will be made in writing in sufficient detail to allow the affected client to make an informed decision on whether to continue using our service in the situation concerned.

9.5.3.6 In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

9.6 The FSP may decline to act for a client in cases where it believes the conflict of interest cannot be managed in any other way.

10. ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters. The Key Individual will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

This policy will be reviewed annually, and will be included in the annual FSB compliance report, containing details "...on a least the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy."

11. TRAINING AND STAFF

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

12. REPRESENTATIVE INCENTIVES

The FSP confirm that it will not offer any financial interest to its key individuals or representatives for:-

- 12.1 favouring quantity of business over quality of service; or
- 12.2 giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- 12.3 giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

13. REGISTER:

With regard to existing third party relationships, being the product suppliers listed in the Contact Stage Disclosure letter, the FSP confirm that it does not have an ownership interest or is subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to

entering into any business transaction with a client, the FSP undertake to disclose these in the registers below.

The FSP has implemented a register containing the details below:

- 13.1 Nature and Extent of Ownership interests;
- 13.2. Financial Interest Received;
- 13.3. Nature and Extent of Business Relationships; and
- 13.4. Associations.

14. PUBLICATION

The FSP will publish the conflict of interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

15. NON-COMPLIANCE WITH THIS POLICY

If any representative is uncertain whether a particular situation gives rise to an actual or potential conflict of interest, the representative must bring the matter to the Key Individual's attention.

Failure to comply with this policy and the FAIS regulatory requirements relevant to the management of conflicts of interest will be subject to the FSP's disciplinary procedures. If found to have acted contrary to this policy and / or the regulatory requirements, the representative may be debarred in terms of section 14 of the FAIS Act.

Register of Financial Interests, Ownership Interests and Business Relationships

INSCON INSURANCE BROKERS (PTY) LTD
trading as INSCON HAWKINS AND
ASSOCIATES
FSP: 47533

10 APRIL 2017



Dear Client

At Inskon Hawkins and Associates we believe in open, honest and transparent interactions with our clients. In the course of our business activities situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At Inskon Hawkins and Associates we take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest, but would gladly address any concerns you may have. Please refer to annexure 1 to this register for a complete list.

We may also enjoy a preferred status with one or more of the product supplier companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to annexure 2 for complete details of these business relationships.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in annexure 3.



Business Relationship

Company	Nature of relationship	Status	Benefits



Ownership Interest

Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee of behalf of another person. This includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

Company Name	Percentage Ownership	Date Obtained



