



Conflict of Interest Management Policy

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1 INTRODUCTION AND PURPOSE OF THE POLICY

In line with the requirements of the General Code of Conduct for Authorised Financial Service Providers and Representatives (the Code), as amended, promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act 37 of 2002 (FAIS) the board of Sasria SOC Ltd (Sasria) adopted a conflict of interest management policy to ensure appropriate management of conflict of interest by the organisation. Sasria as a registered Financial Services Provider recognises its obligations to those whom it deals with, namely shareholders, employees, customers, suppliers, contractors, agents and the community at large and that Sasria should maintain the highest ethical standard when carrying out its obligations.

This policy is to be read with the Sasria tender processes and procedure documents regarding procurement declarations, Ethics Management Policy, Forensic Investigation Policy, Ethics and Fraud Prevention Procedure and Board Charter of Sasria SOC Ltd . In this regard reference to the requirement to declare interests should be included in the tender process.

The policy is aimed at assisting Sasria, the board, managing executives and employees to identify and declare potential or actual conflicts of interest and to illustrate how to manage same. The policy further sets out Sasria's position of allowing and / or prohibiting any gifts to be received or given out by any of its employees.

The policy further aims to reduce the risk of damages or losses that may arise from unmanaged or undisclosed conflicts of interest. All Sasria employees must at all times act in the best interest of the company and ensure that they will not allow their personal interests to conflict with the interests of Sasria clients and / or any companies.

This Policy is designed to provide guidance and assist Sasria employees in recognising and appropriately managing conflict of interest. The policy further aims to promote the existing high standards of integrity, conduct and accountability and to strengthen and support the professionalism of Sasria employees.

2 POLICY STATEMENT

Sasria is committed to avoiding, and where this is impossible, mitigating any conflict of interest that may arise between Sasria or its employees and its agent companies or intermediaries when rendering financial services in respect of special perils products that it offers to its clients/policyholders through its network of agents' companies. Sasria further commits itself to conducting its business in a fair, ethical and honest manner in the interests of its stakeholders and the insurance industry.

3 REGULATORY FRAMEWORK

The regulatory framework for the Conflict of Interest Management Policy is provided by –

- 3.1 Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS);
- 3.2 General Code of Conduct for Authorised Financial Service Providers and Representatives (issued in terms of FAIS);
- 3.3 Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA)
- 3.4 Companies Act, 71 of 2008;
- 3.5 Public Finance Management Act, 1 of 1999, and
- 3.6 King IV Report on Corporate Governance for South Africa, 2016.

4 APPLICABILITY OF POLICY

The Conflict of Interest Management Policy applies to all permanent and temporary Sasria employees including directors, their immediate family members and all suppliers.

It is the responsibility of all employees to familiarize themselves with the contents of the policy and proactively seek guidance from the Compliance Officer in cases of uncertainty. Sasria management is responsible for training employees within their respective areas of work.

5 DEFINITIONS

With regard to financial services, Sasria adopts the statutory definitions set out in Financial Advisory and Intermediary Services Act (FAIS), 2002:

Amendment of the General Code of Conduct for authorized Financial Services Providers and Representatives as follows –

“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; (c) any relationship with a third party;

“General conflicts of interest” means the violation of the principle that directors and employees must act in good faith, with full disclosure, and in the best interests of the company or employer;

“Financial interest” means – any cash, cash equivalent, voucher, gift, service, advantage; benefit; commission; discount; domestic or foreign travel; hospitality; accommodation; sponsorship; other incentive or valuable consideration other than – (a) an ownership interest; 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 industry information; (iii) specialized 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 in that calendar year received by -

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

“Non-financial interest” includes any benefits or advantage, including, but not limited to, direct or indirect enhancement of an individual’s career, education or gain to immediate family (or a person with whom the person has a close personal relationship)

“Director” means a member of the board of Sasria and includes any person occupying the position of director or alternate director, prescribed officer, or a person who is a member of a committee of the board.

“Employees” means all non-executive directors, prescribed officers, permanent and part time employees, interns, contractors, casual or part-time employees who work for the organisation and are entitled to remuneration from Sasria.

“A financial conflict of interest” for the purpose of this Policy, is one where there is or appears to be opportunity for personal financial gain, financial gain for close relatives or close friends, or where it might be reasonable for another party to take the view that financial benefits might affect that person’s actions.

“Services” refers to the rendering of any service by any person to an employee of Sasria by virtue of his or her employment or status within Sasria, for which there is no payment or co-payment by the employee.

“Related and inter-related persons” means spouse, parents, children and grandchildren, siblings, in-laws, and this includes adopted step members of the immediate family. Related persons may also refer to a close associate or someone you have a close relationship.

“Gratification” as defined in PRECCA Act’s is very broad and includes money, donations, gifts, loans, property, and avoidance of a loss or other disadvantage, discounts, commission, bonuses, deductions, contract of employment or any status, honour, right and/or privilege.

“Improper Inducement” as per the underlying principle in the PRECCA Act means anything that is given or received with the intention “to improperly induce” is illegal. Both the person who gives and the person who receives are both guilty.

“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.

6 POLICY IMPEMENTATION

- 6.1 A conflict of interest whether it is real, potential or perceived will arise from time to time in the discharge of a director’s, an employee’s official functions or duties, including decision-making, handling complaints, applying policy, practices or procedures, reporting or the supervision of employees.
- 6.2 The obligation of disclosure and of avoiding conflicts of interest applies not only to situations directly involving an employee, director or any companies but also to situations involving any spouse, partner or other member of his or her immediate family which shall have to be disclosed if they involve the employee or director directly.
- 6.3 Managing conflict of interest risk is a shared responsibility of every Sasria employee and needs to be considered within an ethical framework. The Ethics Policy requires employees to act with integrity and impartiality in undertaking their respective roles.

7 MATTERS TO DECLARE

Although this list is non-exhaustive, the following private interests in the following areas must be declared:

- Shareholding or financial interest in private and public companies and other corporate entities.
- Working relationships on behalf of the company with organisations where a spouse, partner, immediate family member or relative are employed.
- Directorships and partnerships in companies, including board committee memberships.
- Interest in contracts with Sasria (other than employment contract).
- Consultancies and retainerships.
- Subsidies, grants and sponsorships.
- Any remunerative work outside of Sasria.

8 MECHANISMS FOR IDENTIFYING CONFLICT OF INTEREST

The test that must be applied to identifying or establishing conflict of interest entails the question whether the conflict or potential conflict of interests may influence or have a potential to influencing the Sasria employee or representative concerned judgment or objectivity when performing his or her duties.

9 MEASURES FOR AVOIDING OR MITIGATING OF CONFLICT OF INTEREST

- 9.1 Employees are obliged to identify and disclose any situation where an actual or potential conflict of interest is identified.

- 9.2 An employee who suspects an actual or potential conflict of interests has a responsibility to immediately report the matter or situation to his or her line manager.
- 9.3 Employees are required to annually declare, by end of April each year, declare interests or whether a conflict or nor exists using the Sasria prescribed form for Declaration of Employees Interests. Should the employee not have anything to declare they are required to state so in their annual declaration.
- 9.4 The declaration referred to above must be updated by 31 October of the same year.
- 9.5 In addition employees are required to declare interests on any items dealt with at meetings of all forums or committees they sit in as members or by invitation.
- 9.6 All employees serving on Human Resources interview panels shall declare possible conflicts of interests before commencement of interviews.
- 9.7 An employee is further required to update the Compliance Function update their Declaration of Interest within thirty (30) days of registration of a new business.
- 9.8 Employees with no private interests shall disclose “declaration of nil” indicating that they have no interest/s to declare/disclose.
- 9.9 Disclosing in itself does not resolve a conflict of interest where it exists. The organisation may consider additional measures to resolve or manage such conflict of interest.
- 9.10 Where the interest that may manifest concerns ownership or is relating to a third party, the employee, upon identifying such interest shall: -
- 9.11 Disclose and communicate in writing to the Compliance Officer any ownership interests or relationships with the third party which may create a conflict of interest situation where the employee's judgment or objectivity when performing Sasria's tasks may be compromised.
- 9.12 The disclosure referred to above shall be made by all employees at regular intervals. In respect of new employees such disclosure shall be made at the commencement of employment with Sasria.
- 9.13 Where conflict is imminent to decision making, the disclosure shall be made before undertaking such task or at the beginning of decision-making process.
- 9.14 The aforesaid disclosures shall be made on the prescribed form available on Sasnet.
- 9.15 Board members shall declare any possible conflicts of interests before the commencement of board meetings.
- 9.16 Board members and the Managing Director must complete the attached prescribed form marked Annexure A, also obtainable from the Compliance Officer or the Company Secretary.

9.17 Conflict of Interest involving the managing director or acting managing director shall be referred to the board for approval.

10 SASRIA POLICY ON GIFTS

10.1 In an endeavor to mitigate conflict of interest, Sasria's employees are prohibited from accepting and giving out Financial Interest to any third parties save for those fees or other considerations listed in paragraph 10.3.1 and 10.4 below.

10.2 Sasria or any of its employees may only receive from, or offer to, its agent companies the following forms of **financial interests**:

- (a) commission as prescribed and authorised under the Short-Term Insurance Act 53 of 1998.
- (b) fees that are reasonably commensurate with the services rendered by its agent companies and authorised under the Short-Term Insurance Act 53 of 1998.
- (c) fees or remuneration for the rendering of service to a third party, which fees or remuneration are commensurate to the service being rendered.
- (d) offer subject to any other law, immaterial financial interest.

10.3 Other financial interests

10.3.1 Sasria or its employees may further only receive from, or offer to, other third parties the following **financial interests**:

(a) Training

- Training should not be exclusively available to a selected group of financial services providers or representatives. Training may not provide travel and accommodation to the other financial services providers or representatives attending the training.
- Accommodation and hospitality related expenses to must be declared. However, the acceptance of hospitality should not create an expectation of desired outcome.

(b) Allowable considerations received at work related events and functions

- Employees may accept considerations from event /function organisers in the form of tokens (such as for example, provider branded note pads, bags, pens, t-shirts) or consumables in the form of, for example, sweets, chocolates, flowers, bottle of liquor, hospitality and other).

10.3.2 The maximum value of an allowable consideration that can be received from or given out should not exceed R1000.00 (One Thousand Rand) direct and indirect benefit from or to the same party, irrespective of whether the third party is an agent companies or non-agent companies.

10.3.3 Where the value of R1000.00 is exceeded (in respect of accommodation and hospitality related to training and / or conferences), the Managing Director must authorize same, and this must be recorded in the Conflict of Interest Register referred to below.

10.3.4 Any other exceptions not listed in the policy are to be approved as per Sasria's delegation of authority policy.

10.4 Hospitality

Any hospitality invitation should be considered only if the purpose is directly related to Sasria's business, and only if it can be justified that the acceptance thereof is in the interest of Sasria. Employees shall not accept any hospitality except in line with **10.3.2** above and whilst in the ordinary course of business (e.g., lunch with Agent Company or Third party).

10.4.1 From time-to-time suppliers, companies and consultants offer Sasria employees some form of hospitality. Sasria employees should, when deciding on the acceptance of such offers, deliberate on the potential conflict of interest that may arise.

10.4.2 If an employee is invited as a representative of Sasria, such an invitation may be accepted only after the employees' manager has been informed.

10.4.3 Invitations to a breakfast, lunch or dinner with any companies should be accepted only after the employees' manager has been informed.

10.4.4 Invitations of a purely social or cultural nature, such as a sports event, holidays, and the use of vehicles and equipment may be accepted only if it can be justified that the acceptance thereof is in the interest of Sasria. No employee should be seen to be favouring one organisation or any company over another, and the manager should be informed of such.

10.5 Entertainment

Employees may entertain and be entertained by third parties in the ordinary course of business. The maximum amount allowed for entertainment should not exceed R1000.00 (One Thousand Rand) from or to the same party, irrespective of whether the third party is an agent companies or non-agent companies.

Employees must declare all entertainment they receive from, or give out to, any Agent companies, or any other source or recipient, while in the employ of Sasria. An annual gift threshold of R1000 is permissible and should be declared.

10.5.1 Employees are prohibited from entertaining each other and claiming reimbursement from the company for such entertainment.

11 INTERNAL CONTROLS

11.1 Sasria's Compliance Officer shall designate one of its employees to maintain the Conflict of Interest and Gifts Registers and shall from time to time notify employees of the name and contact details of the designated employee so appointed.

11.2 The Conflict of Interest Register will be used to record and disclose any gifts, hospitality received and declared by employees.

11.3 The Compliance Officer together with the designated employee shall be responsible for monitoring and reporting on compliance with this Policy.

11.4 Quarterly reporting on level of compliance with the policy will be reported on to the management governance committees, relevant board committees, the board and the Shareholder.

12 ROLES AND RESPONSIBILITIES

Appropriate governance bodies within Sasria shall oversee the application of the conflict of interest management risk and related policies, principles and procedures. These will be in line with among others, the Delegation of Authority Policy

13 POLICY MONITORING

The policy is implemented through development of a standard operating procedure. Implementation and compliance to the policy will be monitored by the Compliance Department as oversight function.

14 FAILURE TO COMPLY WITH OR APPLY THE POLICY

Sasria views its Conflict of Interest Management Policy in a serious light and failure by any employee to adhere to this Policy constitutes misconduct and may result in disciplinary action being taken against such employee in accordance with Sasria's human capital policies, as amended from time to time.

15 POLICY REVIEW

This policy is one of the material policies reserved for Board approval and shall be subject to the following review and approval process:

- This policy will be revised every three years. Where relevant the policy may however be reviewed earlier than the three-year period where there are major changes and / or gaps identified in the policy or where a shorter policy review period is dictated by law or other form of regulation.
- Amendments to the policy are to be presented to the Executive committee which will submit the policy to the Social and Ethics Committee for onward recommendation for approval by the Board.