



## CONFLICT OF INTEREST POLICY

### 1 Scope of the policy

#### 1.1 General

This policy applies within the entire Riverport group.

This policy is a sub-set of the Group Risk Framework due to its importance and extent.

The employees are required to familiarise themselves with the policy's requirements and undertake to comply with the stated processes and procedures.

#### 1.2 Affected companies

The companies detailed in the Group Policies Application Framework is subject to this Conflict of Interest Policy.

The Group Policies Application Framework contains a matrix indicating:

- a list of Associates; and
- A list of all third parties in where Ownership Interests exist.

## 2 APPROVAL FRAMEWORK

#### 2.1 General

The policy owner is the Riverport Insurance Brokers (Pty) Ltd ("Riverport") board.

## 3 POLICY

#### 3.1 Aim and purpose

This policy aims to:

- establish internal controls and mechanisms towards the identification of Conflicts of Interest that may affect the Riverport Group or its Stakeholders;
- establish measures to avoid Conflicts of Interest;
- establish processes, procedures and internal controls to facilitate compliance with the policy; and
- communicate the consequences of non-compliance with the policy.

Where avoidance is not possible the policy aims to:

- provide the reasons therefore; and
- establish measures to ensure that any unavoidable conflicts of interest are mitigated by established measures to ensure the proper disclosure of any conflicts of interest takes place.

The Riverport Group and all the staff are committed to avoid acting in a manner that detrimentally affects the interests of the Stakeholders and to avoid all Conflict of Interests in relation to the rendering of services or provision of goods.

Where the Riverport Group are unable to avoid a Conflict of Interest, the Group and the Staff will take all necessary precautions to ensure that any actual or potential Conflict of Interest is mitigated and adequately disclosed to the Stakeholders.

## 3.2 Compliance Structure

### Internal Compliance Officer

The compliance function is a stand-alone function in the Group and reports directly to the Audit Committee and the Board of Riverport.

The compliance function is headed by an internal compliance officer which may also be the head of the compliance COI. Where conflicts of interest arise that has bearing on the work of the external compliance officer, the internal compliance officer should disclose it to the external compliance officer.

Where conflicts of interest arise, the internal compliance officer should incorporate it in the annual compliance report to the Board of Riverport, including actions taken to avoid mitigate the potential conflicts of interest.

## 3.3 Application – Persons Subject to the FAIS Act

### External Compliance Officer

In terms of the FAIS Act, a Financial Services Provider must have a Compliance Officer. The requirements for the external compliance officer are specified in the FAIS Act.

The external compliance officer and the internal compliance officer can be different persons.

If the internal compliance officer qualifies as a Compliance Officer under FAIS, the internal compliance officer and the external compliance officer may be the same person.

### Requirement to have a policy

In terms of Section 3A(2) every Financial Services Provider, other than a Representative, must adopt, maintain and implement a conflict of interest management policy which complies with the provisions of the FAIS Act.

In terms of the General Code of Conduct a Financial Services Provider and a Representative must avoid, and where this is not possible, mitigate any Conflict of Interest between the Financial Services Provider and a client, or a Representative of the Financial Services Provider and his, her or its clients.

## 4 Identification of a Conflict of Interest

### 4.1 Identification

The primary responsibility for the identification of a Conflict of Interest rests with every staff member.

Throughout the process of rendering engaging a Stakeholder, a staff member 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 a Stakeholder?
- Is there any situation that exists that prevents me from rendering an unbiased and fair service to a Stakeholder?
- Is there any situation that exists that prevents me from acting in the best interest of a Stakeholder?

If the answer to all three questions is “no”, then there is no Conflict of Interest associated with the service and the Staff may proceed.

If the answer to any one of the three questions is “yes”, the Staff member must proceed to answer the following additional questions:

- Is the situation caused as a result of an actual or potential relationship with another Stakeholder?
- Is the situation caused by an actual or potential Financial or Ownership Interest?

If the answer to any one of these questions is "yes", an actual or potential Conflict of Interest will have been identified.

## 4.2 Clarifying notes

The definition of a Conflict of Interest incorporates the following terminology:

- Influence the “objective performance” of his, her or its obligations to that Stakeholder;
- prevent a Staff from rendering an “unbiased and fair service” to that Stakeholder;
- including but not limited to a “Financial Interest”

It is generally understood that the word “objective” refers to a situation where an individual’s personal feelings or opinions are completely removed from the equation. The “objective performance” of a Staff member’s obligations therefore implies a situation where financial services are rendered without any untoward influences.

The word “bias” or “biased” is understood to mean a form of prejudice towards a particular person or viewpoint, whereas the word “fair” or “fairness” indicates a situation of just circumstances or being treated on an equal footing. An unbiased financial service therefore implies a financial service that does not lend itself to a particular persuasion, where no reasonable justification for such persuasion can be found.

Similarly, a fair financial service implies a situation where the same conclusion or outcome will consistently present itself given the exact same set of circumstances.

## 4.3 Clarifying Notes Specific to persons subject to the FAIS Act

Subject to section 3A(1)(c) of the General Code of Conduct, the FSP and its Representatives may only receive or offer the following “financial interest” from or to a “third party”:

- commission authorised under the Long-term Insurance Act, Short-term Insurance Act or under the Medical Schemes;
- fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act;

- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if:
    - the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and
    - those fees may be stopped at the discretion of that client
  - fees or remuneration for the rendering of a service to a third party
- [\*The FSP or its representatives may only receive or offer these financial interests if –
- those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;
  - the payment of those financial interests does not result in the FSP or representative being remunerated more than once for performing a similar service;
  - any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated; and
  - the payment of those financial interests does not impede the delivery of fair outcomes to clients.]
- an immaterial financial interest (subject to any other law)
  - a financial interest, not referred to above for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that FSP or representative at the time of receipt thereof.

The FSP will not offer any financial interest to its Representatives

- that is determined with reference to the quantity of business secured for the FSP without also giving due regard to the delivery of fair outcomes for clients; or
- for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- for 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 FSP must be able to demonstrate that the determination and entitlement to the financial interest, that may not be offered to representatives as determined by quantity of business secured without also giving due regard to the delivery of fair outcomes for clients, takes into account measurable indicators relating to the-

- achievement of minimum service level standards in respect of clients;

- delivery of fair outcomes for clients;
- quality of the representative's compliance with this Act;

as agreed between the FSP and the representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

#### 4.4 Internal Controls

Riverport has to implement the internal controls to identify actual or potential conflicts of interest that may arise.

- The Riverport Group may enter into arrangements, or upkeep arrangements with Stakeholders that will hamper the Groups' ability to render services to other Stakeholders that are detrimental to their interests.
- The Riverport Group may not enter into arrangements where an Ownership Interest exist that leads to services rendered or goods provided to a Stakeholder that is on a basis detrimental to their interests.

### 5 Avoidance and Mitigating

Once an actual or potential Conflict of Interest has been identified, the following procedures will be followed in order to determine whether the Conflict of Interest is avoidable:

- The relevant Management Structure will convene and evaluate the actual or potential Conflict of Interest in an open and honest manner
- All information that's led up to and resulting in, or causing the actual or potential Conflict of Interest will be disclosed to the Riverport Board and the internal compliance officer.
- The relevant Management Structure will apply its mind and determine by way of majority vote whether the Riverport Group is in a position to avoid the actual or potential Conflict of Interest
- During the evaluation process, the relevant Management Structures will consider the following possible outcomes prior to a finding in favour of unavailability:
  - The possible negative impact it will have on the Stakeholders where the actual or potential Conflict of Interest is deemed to be unavoidable;
  - The possible negative impact it will have on the integrity of the financial services industry where the actual or potential Conflict of Interest is deemed to be unavoidable;
- Where the relevant Management Structures has determined that the actual or potential Conflict of Interest is in fact avoidable, the following processes will be followed:
  - The relevant Management Structures will remove the underlying cause or situation that results in the actual or potential Conflict of Interest as soon as reasonably possible, and report the actions taken to the Internal Compliance Officer;

- Any immediate negative impact or prejudice towards Stakeholders pending the removal of the actual or potential Conflict of Interest has to be kept to a minimum;
- The reasons why the actual or potential Conflict of Interest was determined to be avoidable will be recorded in the Annual Compliance Report;
- Similar circumstances that has led up to the actual or potential Conflict of Interest will be avoided in the future;
- Where the relevant Management Structures determined that the actual or potential Conflict of Interest is unavoidable, following processes will be followed:
  - The relevant Management Structures and the internal compliance officer will convene and determine the measures that will be implemented in order to mitigate the actual or potential Conflict of Interest as far as reasonably possible
  - The reasons why the actual or potential Conflict of Interest was considered to be unavoidable will be recorded the Annual Compliance Report;
- Any measures implemented towards mitigating the actual or potential conflicts of interest will include the following arrangements:
  - The status of whether the actual or potential conflicts of interest's is still deemed to be unavoidable shall be reassessed on a continuous basis;
  - Where a previously deemed unavoidable actual or potential conflicts of interest is subsequently deemed to be avoidable, such actual or potential Conflict of Interest shall immediately be avoided;
  - All affected Staff will be notified of any actual or potential conflicts of interest as well as the reasons for its unavoidability;
  - When rendering a service, a Staff shall be required to disclose to the client in writing that an actual or potential Conflict of Interest exist;
  - The External Compliance officer shall report on the status of the actual or potential Conflict of Interest in the FSP's compliance report to be submitted to the Financial Services Conduct Authority.

## 6 Disclosure of Conflict of Interest

It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest.

The Riverport Group is therefore committed to ensure that Stakeholders are fully informed about actual or potential conflicts of interest in relation to the rendering of services or provision of goods.

The Riverport Group has adopted the following disclosure measures:

- The Riverport Group shall disclose to a Stakeholder any Conflict of Interest in respect of that Stakeholder;
- The disclosure shall be made in writing at the earliest reasonable opportunity. The disclosure may be communicated by way of appropriate electronic media;
- The disclosure shall include the nature of any relationship or arrangement with another Stakeholder that gives rise to a Conflict of Interest;

- The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the Conflict of Interest;
- The disclosure shall include the measures taken to avoid or mitigate the conflict;
- The disclosure shall include any Ownership Interest or Financial Interest, other than an Immaterial Financial Interest, that the Riverport Group or Staff may be or become eligible for; and
- The disclosure shall include a reference to the Conflict of Interest Policy and how it may be accessed.

## **7 Compliance**

The Staff' adherence to this policy has to be established annually.

Therefore, a Conflict of Interest declarations has to be signed by all Staff on a quarterly basis.

The Riverport Group has to maintain a Gift Register.

All gifts received from a third party with an estimated value above the Gift Tolerance Level has to be recorded in the Gift Register.

The Gift Register is kept in the Compliance Manual.

All Staff (Key Individuals and Representatives) are required to immediately disclose in writing to Management Structures and the Compliance Officer, any actual or potential conflicts of interest as soon as they become aware of such situation.

## **8 Non-Compliance**

Where there is reason to believe that a Staff has failed to disclose an actual or potential Conflict of Interest via the proper communication channels, the Internal Compliance Officer will proceed to investigate and take recommend the appropriate steps to the Riverport Board to limit any financial prejudice that may be suffered by Riverport Board or the Stakeholder.

Where an investigation concludes that a Staff has indeed failed to disclose an actual or potential Conflict of Interest, the Riverport Board shall immediately take appropriate disciplinary steps and corrective actions against the Staff. Any failure by a Staff to comply with the Conflict of Interest Policy will be considered serious form of misconduct and a dismissible offence.

## **9 POLICIES RANKING AHEAD**

The following policies ranks ahead of this policy. If a policy ranks ahead of another policy, the effects of the policy will have to be taken into account before this policy can be applied:

- Group Risk Framework.

## **10 DEFINITIONS**

All definitions are set out in the Policy Framework, definitions section.