



CHARTIS 

Conflict of Interest Management Policy

Chartis South Africa Ltd & Chartis Life South Africa Ltd

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1. DEFINITIONS

- 1.1 **Associate** means:
- 1.1.1 in relation to a natural person,—
- 1.1.1.1 a person who is recognized in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
- 1.1.1.2 a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- 1.1.1.3 a parent or stepparent of that person;
- 1.1.1.4 a person in respect of which 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;
- 1.1.1.5 a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs 1.1.1.2 to 1.1.1.4;
- 1.1.1.6 a person who is in a commercial partnership with that person;
- 1.1.2 in relation to a juristic person –
- 1.1.2.1 which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;
- 1.1.2.2 which is a close corporation registered under the Close Corporation Act, No. 69 of 1984, means any member thereof as defined in section 1 of that Act;
- 1.1.2.3 which is not a company or a close corporation as referred to in subparagraphs 1.1.2.1 or 1.1.2.2, means another juristic person which would have

been a subsidiary or holding company of the first-mentioned juristic person:

1.1.2.3.1 had such first-mentioned juristic person been a company; or

1.1.2.3.2 in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;

1.1.2.4 means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;

1.1.3 in relation to any person –

1.1.3.1 means any juristic person of which the board of directors 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 instructions of the person first-mentioned in this paragraph;

1.1.3.2 includes any trust controlled or administered by that person;

1.2 **Chartis** means Chartis South Africa Limited (registration number: 1962/003192/06), a public company and registered short-term insurer and Chartis Life South Africa Limited (registration number 2001/016602/06), a public company and registered long-term insurer;

1.3 **Client** a specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service;

1.4 **Code** means the General Code of Conduct for Authorised Financial Services Providers and Representatives promulgated in terms of FAIS;

1.9.2.3		specialised technological systems of a Third Party necessary for the rendering of a financial service; but excluding travel and accommodations associated with that training;
1.10	Financial Service	means a service provided by an FSP as defined in the FAIS Act, being any service contemplated in paragraphs 1.11.1 to 1.11.3 of the definition of FSP;
1.11	FSP	means a financial services provider as defined in the FAIS Act, being any person, other than a Representative, who as regular feature of the business of such person –
1.11.1		furnishes advice;
1.11.2		furnishes advice and renders any intermediary service; or
1.11.3		renders an intermediary service;
1.12	Provider	means an authorised FSP and includes a Representative;
1.13	Representative	means representative as defined in the FAIS Act, being any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a Client for or on behalf of an FSP, in terms of the conditions of employment of any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service -
1.13.1		does not require judgement on the part of the latter person;
1.13.2		does not lead a Client to any specific transaction in respect of a financial product in response to general enquiries;
1.14	Staff	means -
1.14.1		all directors and full time employees of Chartis;
1.14.2		all temporary employees of Chartis; and
1.14.3		all Representatives of Chartis; and

- 1.15 **Third Party** means a third party as defined in the Code, being –
- 1.15.1 a product supplier;
 - 1.15.2 another Provider;
 - 1.15.3 an Associate of a product supplier or a Provider;
 - 1.15.4 a distribution channel; and
 - 1.15.5 any person who in terms of an agreement or arrangement with a person referred to in paragraphs 1.15.1 to 1.15.4 above provides a Financial Interest to a Provider or its Representatives.

2. **BACKGROUND**

- 2.1 Chartis is a registered FSP and accordingly, all the Financial Services rendered by it are regulated in terms of the FAIS Act and more specifically, the Code.
- 2.2 Section 3A(2)(a) of the Code requires every FSP to adopt, maintain and implement a conflict of interest policy that complies with the provisions of the FAIS Act.
- 2.3 This COI Policy constitutes Chartis' conflict of interest management policy as contemplated in section 3A(2)(a) of the Code, and as required by section 3A(2)(c) of the Code, has been adopted by Chartis' board of directors.

3. **PURPOSE**

The purpose of this COI Policy is to provide for the management of Conflicts of Interest in respect of Chartis Clients by establishing appropriate mechanisms to identify potential and actual Conflicts of Interest and to manage these.

4. **SCOPE**

The operational standards set out in this COI Policy apply to Chartis and all Staff members of Chartis.

5. **AVAILABILITY OF THIS COI POLICY**

This COI Policy is accessible to all Staff on Chartis' intranet. The COI Policy will also be made available for inspection by Clients, potential Clients and members of the public on Chartis' website (www.chartisinsurance.com) and written copies will be available for inspection at Chartis' head office at 10 Queens Road, Parktown, Johannesburg upon request.

6. WHAT CONSTITUTES A CONFLICT OF INTEREST

- 6.1 Section 3(1)(b) of the Code provides that a Provider and Representative must avoid, and where this is not possible, mitigate any Conflict of Interest between the Provider and a Client or the Representative and the Client.
- 6.2 The term Conflict of Interest refers to 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:
- 6.2.1 influence the objective performance of his/her/its obligations to that Client;
 - 6.2.2 prevent a Provider or Representative from rendering an unbiased and fair financial service to that Client, or
 - 6.2.3 prevent a Provider or a Representative from acting in the interest of that Client.
- 6.3 A Conflict of Interest accordingly refers to any situation in which Chartis' or a Representative's interest (which interest may be professional or personal) interferes in any way (or even appears to interfere) with the interest of a Client of Chartis. Where the private interest interferes or appears to interfere, it can make it difficult for Chartis or the Chartis Representative to execute his or her duties towards its Clients in an unbiased way. Even if there is no evidence of improper actions, a conflict of interest can create an appearance of impropriety.

7. IDENTIFICATION OF CONFLICTS OF INTEREST

- 7.1 Chartis' Staff is responsible for identifying specific instances of Conflict of Interests or potential Conflict of Interests and are required to notify the Compliance Officer in writing without delay of any such conflicts.
- 7.2 The Compliance Officer shall be responsible to record details of all notifications of specific instances of Conflicts of Interest or potential Conflicts of Interest reported to the Compliance Officer in the Conflicts Register, which must be maintained by the Compliance Officer. Details of the information to be recorded in the Conflicts Register are attached hereto as **Appendix 1**.
- 7.3 Practically, each Staff member that is in any way involved in rendering a Financial Service on behalf of Chartis to a Client must consider whether a situation exists that may:
- 7.3.1 influence the objective performance of his/her or Chartis' obligations to that Client;
 - 7.3.2 prevent Chartis and/or the Staff member from rendering an unbiased and fair financial service to that Client, or
 - 7.3.3 prevent Chartis and/or an Staff member from acting in the interest of that Client.

7.4 If the answer to any of the aforesaid questions is in the positive, an actual, potential or perceived Conflict of Interest exists and such Conflict of Interest shall without delay be dealt with in accordance with paragraph 8.1 below and recorded in the Conflicts Register.

8. HANDLING OF CONFLICTS OF INTEREST

8.1 Reporting Conflict of Interest to the Compliance Officer

8.1.1 All Staff members have a positive obligation to Chartis to, without delay, report full details of specific instances of Conflict of Interests or potential Conflict of Interests which they identified pursuant to the provisions of paragraph 7 to the Compliance Officer in writing, regardless of whether it involves them or another Staff Member, an Associate or a Third Party.

8.1.2 Chartis may also accept reports of Conflicts of Interest from auditors, Clients, Associates, vendors, business partners, regulators, law enforcement personnel, other government agencies and Third Parties.

8.2 Evaluation and dealing with the Conflict of Interest

8.2.1 The Compliance Officer will investigate and assess all potential Conflict of Interests reported to him/her.

8.2.2 All Conflict of Interests may be conferred by Compliance Officer to the Risk Management Department, the General Legal Counsel and the Board of Directors to determine whether it involves a violation of the COI Policy, the law or any other Chartis policies and procedures.

8.2.3 The investigation shall be concluded when all the facts and evidence have been obtained and thoroughly reviewed to determine the existence of the Conflict of Interest.

8.2.4 If the investigative findings conclude that the Conflict of Interest was unfounded, no further action is necessary.

8.2.5 If the investigation concludes that the Conflict of Interest is supported by the facts and evidence, the Compliance Officer will refer such Conflict of Interests to the Managing Director and the Profit Centre Manager, together with a written recommendation as to how the Conflict of Interests should be resolved.

8.2.6 The Compliance Officer, Managing Director and the Profit Centre Manager shall as soon as reasonably possible review the identified Conflict of Interest for purposes of determining whether the Conflict of Interest is avoidable, taking into account the following principles:

- 8.2.6.1 the duty imposed on all Providers in terms of the Code to avoid a Conflict of Interest unless not possible;
- 8.2.6.2 whether there are any reasonable alternatives available to avoid the Conflict of Interest; and
- 8.2.6.3 the measures available to mitigate the consequences of any Conflict of Interest.
- 8.2.7 The Compliance Officer, Managing Director and the Profit Centre Manager resolve that the Conflict of Interest is avoidable, the Compliance Officer, Managing Director and the Profit Centre Manager, shall stipulate the steps to be taken to avoid the Conflict of Interest.
- 8.2.8 The Compliance Officer, Managing Director and the Profit Centre Manager , resolve that the Conflict of Interest is not avoidable, the Compliance Officer, Managing Director and the Profit Centre Manager, shall stipulate the measures to be taken to eliminate or mitigate the Conflict of Interest including, but not limited to the following actions:
- making a full disclosure to the relevant Client of the potential or actual Conflict of Interest;
 - disciplinary action against the relevant Staff member up to and possibly leading to termination; and
 - regulatory reporting.
- 8.2.9 The Compliance Officer shall furnish the Executive Committee of Chartis on a monthly basis with a report on all Conflicts of Interest identified as well as the steps taken to avoid, mitigate or eliminate the Conflict of Interest.
- 8.2.10 The Compliance , Managing Director and the Profit Centre Manager shall at any time be entitled to escalate any potential or actual Conflict of Interest to the Chief Risk Officer, General Legal Counsel or the Board of Directors for determination.
- 8.2.11 The Compliance Officer shall further ensure that the Financial Interest Register maintained in terms of the Chartis Gift and Entertainment Policy is audited on a monthly basis to determine whether any Financial Interest offered or received by a Third Party exceeds the aggregate value of R1 000.00 in any calendar year (i.e. whether the Financial Interest is an Immaterial Financial Interest).

9. MEASURES FOR THE DISCLOSURE OF CONFLICTS OF INTERESTS

- 9.1 Chartis will, in writing, at the earliest reasonable opportunity disclose to a Client any Conflict of Interest in respect of that Client.

9.2 The disclosure must be made in writing to the Client and contain at least the following information:

9.2.1 measures taken, in accordance with the COI Policy to avoid or mitigate the conflict;

9.2.2 any Ownership Interest or Financial Interest, other than an Immaterial Financial Interest, that the Provider or Representative may become eligible for;

9.2.3 the nature of any relationship or arrangement with a Third Party that gives rise to a Conflict of Interest, in sufficient detail to a Client to enable a Client to understand the exact nature of the relationship or arrangement and the Conflict of Interest; and

9.2.4 the fact that there is a COI Policy and how it may be accessed.

10. TRAINING AND AWARENESS

10.1 Conflict of Interest training must be delivered to all Staff members, and where appropriate, Chartis' Associates. All newly recruited Staff members shall also attend a training session as soon as they commence work with Chartis. The training shall meet the following objectives:

10.1.1 To ensure all Staff members are aware of this COI Policy, including the legal and regulatory obligations;

10.1.2 To ensure that the Chartis staff are aware of and fully understand their obligations and clarify what action to take and (not to take) when encountering Conflicts of Interest.

10.1.3 The training is to be repeated at least on an annual basis, or more regularly should it be deemed there are new and additional education needs associated with particular incidents and or scenarios, or changes in business.

10.1.4 Records of all Conflicts of Interest training delivered must be maintained and produced upon request.

11. TYPES OF FINANCIAL INTEREST THAT CHARTIS MAY OFFER OR RECEIVE

11.1 Financial Interest offered to/received from a Third Party

11.1.1 Chartis and its Representatives will only receive or offer the following Financial Interest from or to a Third Party:

11.1.1.1 commission authorised in terms of the Short-term Insurance Act 53 of 1998;

11.1.1.2 fees authorised in terms of the Short-term Insurance Act 53 of 1998, if those fees are reasonably commensurate to a service being rendered;

- 11.1.1.3 fees or remuneration for services rendered to a Third Party, if those fees are reasonably commensurate to the service being rendered;
- 11.1.1.4 fees for the rendering of a Financial Service in respect of which commission or fees as stated in paragraphs 11.1.1.1 or 11.1.1.2 above is not paid, if those fees are -
- 11.1.1.4.1 specifically agreed to by a Client in writing; and
- 11.1.1.4.2 may be stopped at discretion of the Client;
- 11.1.1.5 an Immaterial Financial Interest; and
- 11.1.1.6 a Financial Interest not referred to in paragraphs 11.1.1.1 to 11.1.1.5 for a consideration or Fair Value or remuneration that is reasonably commensurate to the value of the Financial Interest that is paid by the Provider or Representative at the time of receipt thereof.
- 11.1.2 As a general rule, Chartis does not permit the giving or receiving of Financial Interests from Third Parties. Chartis however recognises that exceptions to the general prohibition aforesaid may arise in which case application for authorisation shall be made in accordance with the process set out in Appendix 2. hereto. Notwithstanding the an exception application being made and approved, Chartis or its Representatives may not give or receive a gift or any other form of benefit to or from a Third Party in excess of R1000.00 in any calendar year.

11.2 **Financial Interest offered to Representatives**

- 11.2.1 Chartis shall not offer any Financial Interest to a Representative for giving preference to a specific insurance product. Chartis, as part of its internal processes, requires all Representatives to render Financial Services of the highest quality.
- 11.2.2 Chartis shall not offer any Financial Interest to any Representative for:
- 11.2.2.1 giving preference to the quantity of business secured for Chartis to the exclusion of quality service; or
- 11.2.2.2 giving preference to Chartis where more than one supplier can be recommended to a Client; or
- 11.2.2.3 giving preference to a specific product of Chartis where more than one product of that supplier can be recommended.

11.3 **Financial Interest received for Training**

- 11.3.1 Chartis may at its own cost and expense provide training, that is not exclusively available to a selected group of Providers, to Providers on the following topics:
- 11.3.1.1 products or legal matters relating to products;
 - 11.3.1.2 general financial or industry information; and
 - 11.3.1.3 specialised technological systems of a Third Party necessary for the rendering of a Financial Service.
- 11.3.2 Chartis may however not pay for the travel and accommodation expenses associated with the training referred to in paragraph 11.3.
- 11.3.3 Chartis may also provide training other than the training referred to in paragraph 11.3 above to Providers, provided that such training is rendered for a consideration, Fair Value or remuneration that is reasonably commensurate to the value of the training.

12. ROLES AND RESPONSIBILITIES RELATING TO IMPLEMENTATION OF THIS COI POLICY

12.1 Board of Directors

The Board of Directors is fully engaged with all aspects of conflict identification and mitigation and has allocated accountability for the implementation and day-to-day running of the COI Policy to the Compliance Officer. The Board reviews the process, compliance and consistency on a regular basis, including material current and potential conflicts which the Company is exposed to. The Board shall have a holistic view of conflicts management, with management information provided by the Compliance Officer, and will review performance and rigour of the business process.

12.2 Compliance Officer

The Compliance Officer shall be principally responsible for the management of this COI Policy. The role and responsibilities of the Compliance Officer are fully set out in this COI Policy.

12.3 Managing Director

- 12.3.1 To ensure that the Conflict of Interest risk is identified and analyzed for further evaluation as referred to in paragraphs 7.
- 12.3.2 To ensure that Conflicts of Interests are documented in the Conflicts Register as referred to in paragraph 7.
- 12.3.3 To ensure that the findings and recommendation of the Risk Management department are addressed and implemented.

- 12.3.4 To examine matters reported as Conflicts of Interest and to determine whether it involves a violation of the COI Policy, the law or any other Chartis policies and procedures.
- 12.3.5 To ensure that appropriate disciplinary actions are taken in the event of a breach of the minimum standards set out in this COI Policy, and to notify the Regional Compliance Officer of any breaches of this COI Policy.
- 12.3.6 To ensure that all Staff members receive the training referred to in paragraph 10.
- 12.3.7 To apportion responsibility for the performance of operational activities governed by this COI Policy and ensure all such persons are competent to perform those.
- 12.4 **Compliance Officer**
 - 12.4.1 To ensure that all Staff members are made aware of this COI Policy.
 - 12.4.2 To ensure that all Staff members understand what to do to manage conflict of interests, to include seeking advice from Compliance and Legal where necessary.
- 12.5 **Risk Officer**
 - 12.5.1 To periodically test the effectiveness of controls and business processes and to determine whether they sufficiently mitigate the key Conflict of Interest risks.
 - 12.5.2 To identify new controls and processes to identify and avoid Conflicts of Interest.
 - 12.5.3 To regularly monitor controls that have been overridden, no longer functional as mitigating controls, or are no longer effective due to new or unique circumstances arising within the company (e.g., changed operating environments, restructuring and acquisitions).
 - 12.5.4 To assist the Compliance Officers in addressing potential significant Conflict of Interest exposure prior to entering into a new arrangement.
 - 12.5.5 To issue an annual report to the board of directors with respect to its findings and recommendations regarding compliance with the COI Policy and the Code.
- 12.6 **Staff**
 - 12.6.1 To comply with the requirements of the standards set out in this COI Policy, to comply with the operational controls relevant to this COI Policy.
 - 12.6.2 To report any violations (and potential violations) of the COI Policy, applicable laws and regulations regarding Conflict of Interest to the Compliance Officer or to the Chartis Compliance Helpline.

12.6.3 To consult with their managers and to seek advice from the Legal or Compliance departments where they are unsure whether a conflict exists; and

12.6.4 To undertake training with regard to their obligations under the COI Policy.

13. **CONSEQUENCES OF NON COMPLIANCE**

Non compliance with the provisions of this COI Policy by a Staff member may result in disciplinary and/or legal action being taken against the Staff member, which could (amongst others) result in dismissal, debarment or removal from your position.

14. **GENERAL**

Chartis hereby makes the following disclosures as required in terms of section 3A(2)(b) of the Code:

14.1 Chartis Insurance does not have any Associates as defined in the Code¹.

15. **REVIEW**

15.1 This COI Policy shall be managed by a Compliance Officer appointed for purposes of the FAIS Act.

15.2 The Compliance Officer shall further be responsible for reviewing and updating the COI Policy on a regular basis, which shall be at least on an annual basis.

¹ In terms of local legislative requirements, Chartis is the wholly owned by Johannesburg Insurance Holdings, the latter in turn is purely a Holder and no operational business activities are conducted by the Holder.

Appendix 1 - Conflicts Register

The Compliance Officer shall maintain a register of potential Conflicts of Interest. The register will contain the following:

- Description of the potential Conflict of Interest which Chartis is exposed to; and
- The register should include the following with respect to reported Conflicts of Interest:
 - date reported;
 - type of Conflict of Interest;
 - reported by; individual(s) or entity(ies) involved;
 - impact of the Conflict of Interest;
 - final disposition;
 - internal control or business process issue(s);
 - date investigation concluded; and
 - steps taken to resolve (if any).

Appendix 2

Exception Authorisation Application:

1. The Chartis Representative receiving or intending to award a Financial interest to a third party shall record in writing the rationale for accepting or receiving the Financial Interest
2. The written application shall be forwarded to the business unit head concerned and the compliance officer
3. The business unit head and compliance officer shall consider the merits of the application and verify whether the quantum exceeds the R1 000,00 limit. The Gifts and Entertainment register must be consulted in the process of establishing whether the quantum is exceeded
4. The compliance officer either approve or decline the application in writing
5. Where the application is approved, the Financial interest shall be recorded in the Gifts and Entertainment Register
6. The Compliance Officer shall inform the Managing Director and the Risk Officer of the decision taken and the rationale followed
7. The Compliance officer and Business Unit head may consult with the Managing Director, the Chief Risk Officer and the General Counsel in order to take the appropriate decision.
8. The Compliance Officer shall report to the Board of Directors on all decisions taken with regard to this policy