

Hollard Group FAIS Conflict of Interest (COI) Management Policy

Applicable to the Hollard Insurance Company Ltd - FSP 17698, the Hollard Life Assurance Company Ltd - FSP 17697, and the Hollard Investment Managers (Pty) Ltd – FSP 32521

1. Statutory definitions of COI

“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;
- (iii) any relationship with a third party;

“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 –

- (a) an ownership interest;
- (b) 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 and industry information;
 - (iii) specialised 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;

“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.

2. Policy statement

The Hollard Insurance Company Ltd, Hollard Life Assurance Company Ltd, and Hollard Investment Managers (Pty) Ltd (collectively “Hollard”) are committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders.

3. The management of COI

3.1. Mechanisms for the identification of COI

Before we conclude new business arrangements we shall consider whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of the Business Unit Head entering into the relationship on behalf of Hollard to ensure that this identification process is carried out and appropriately documented before the relationship is progressed.

Business Unit Heads will be accountable to ensure that the necessary reviews of all existing business arrangements are conducted at least annually to assess the ongoing conflict of interest in the light of changing circumstances, operational processes and procedures that may have been implemented since the commencement of the business.

3.2. Measures for the avoidance and mitigation of identified COI

Whenever any potential conflict of interest is identified, the Business Unit responsible for the relationship will consider whether any practical means exist for avoiding such conflict of interest. Where this is not practical, the Business Unit Head will consult with the Compliance team to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.

The resulting mitigating and managing measures will be documented and communicated to all staff involved in managing the relationship to ensure that the risk of the identified conflict of interest is appropriately managed by the affected business unit.

3.3. Measures for the disclosure of COI

Wherever potential conflict of interest is identified, the Business Unit Head will ensure that appropriate communication regarding the following aspects is included in the disclosure information and documentation provided to potential customers purchasing products:

- The existence of the conflict of interest;
- A description of what the conflict is;
- Its impact;
- The measures taken to mitigate and manage it; and
- The customer's free choice whether he wishes to continue with purchasing the product.

3.4. Processes, procedures and internal controls to facilitate compliance

Business Unit Heads will be required to ensure that the policy is implemented in their business units and will on an annual basis warrant to the Compliance Department in writing that they have met their obligations under this policy and describe the steps taken to do so.

Training for all affected staff will be provided by the Compliance Department to ensure that they understand their responsibilities under this policy.

The Compliance team will monitor compliance with this Conflict of Interest Management policy and will perform the necessary reviews in consultation with Executive Management to ensure that appropriate procedures and processes are in place and effective to comply with the policy.

The Compliance team will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.

4. Financial interests offered to Hollard representatives

Hollard may offer its representatives sales incentives, in addition to their basic salary, based upon a combination of:

- The quantity of business introduced, and
- The quality of the service rendered to customers (as measured by the Hollard Quality Assurance process).

No sales incentives may be offered to representatives for preferring one product over another that may be offered to a customer.

Hollard's representatives are not authorised to sell, and may not accept remuneration for selling, the products of other product suppliers, except to the extent that Hollard has entered into agreements with such product suppliers to sell the products of the product suppliers.

5. Financial interests offered by Hollard to Third Parties

Hollard may only offer the following financial interests to third parties:

- Commission authorised under the Long Term or the Short Term Insurance Acts
- fees that are reasonably in line with the service being rendered and authorised under the Long Term or the Short Term Insurance Acts
- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees -
(aa) are specifically agreed to by a client in writing; and
(bb) may be stopped at the discretion of that client;
- fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably in line with the service being rendered;
- any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

6. List of Hollard Associates

The following entities are associates of Hollard Insurance:

- Pickent Holdings (Pty) Ltd 1948/029622/07
- Hollard Holdings 1972/003640/07
- Clientele Life Assurance Company Ltd 1973/0166606/06
- Community Development Loans (Pty) Ltd 1998/013341/07
- Hollard Health (Pty) Ltd 1999/007793/07
- Hollard Arcadia Investments (Pty) Ltd 1982/006475/07
- Plan B Financial Compliance Consultants 2001/01735/07
- Fusionary Intergrated Risk Solutions (Pty) Ltd 1999/007737/07
- Pico Ruivo Investments (Pty) Ltd 2010/023043/07

- Mountain Cypress Investments (Pty) Ltd 2010/001333/07
- Velvet Raisin Investments (Pty) Ltd 2010/001343/07
- Sand Olive Investments 1995/004512/07
- Syringa Tree Investments 2000/007286/07
- Syndicate Investments 1944/016943/07
- The Hollard Life Assurance Company 1993/001405/06
- Broker Select Consulting Services 1999/002672/07
- Casa Luigi Properties 1993/001190/07
- Electronic Risk U/W Managers (Pty) Ltd 1999/026102/07
- EquiMed Underwriting Managers 1998/025658/07
- Firebush Investments 1982/011574/07
- Ground Lily Investments 2001/025741/07
- Haven Development Company 1968/012231/07
- Precept Supply Chain Management 2002/000181/07
- Hollard Portfolio Management 1984/004311/07
- Newshelf 33 1995/004687/07
- Louwfut Beleggings 1077 (Pty) Ltd 1995/005264/07
- JJK Marketing Consultants (Pty) Ltd 2006/024235/07
- Artinsure Underwriting Managers (Pty) Ltd 2007/004929/07
- Apex Underwriting Managers (Pty) Ltd 2005/010108/07
- Factory & Industrial Risk Managers 1999/012242/07
- The Hollard Insurance Company of Botswana Ltd Co 2005/654
- Hollard Mocambique Companhia de Seguros
- LomHold (Pty) Ltd 2009/002306/07
- Hollard Insurance Company of Namibia Limited
- Hollard Asset Management 1985/004619/07
- Leungo Investments (Pty) Ltd 2001/017534/07
- EquiMed Underwriting Managers (Pty) Ltd 1998/025685/07
- Accredited Investments (Pty) Ltd 2011/006307/07
- Quisisana (Pty) Ltd 2011/006356/07
- Execuline Underwriting Managers (Pty) Ltd 2000/013345/07

The following entities are associates of Hollard Life Assurance:

- Pickent Holdings (Pty) Ltd 1948/029622/07
- Hollard Holdings 1972/003640/07
- Clientele Life Investments (Pty) Ltd 1983/004586/07
- Community Development Loans (Pty) Ltd 1998/013341/07
- Hollard Health (Pty) Ltd 1999/007793/07
- Hollard Arcadia Investments (Pty) Ltd 1982/006475/07
- Plan B Financial Compliance Consultants 2001/01735/07
- Fusionary Intergrated Risk Solutions (Pty) Ltd 1999/007737/07
- Pico Ruivo Investments (Pty) Ltd 2010/023043/07
- Mountain Cypress Investments (Pty) Ltd 2010/001333/07
- Velvet Raisin Investments (Pty) Ltd 2010/001343/07
- Sand Olive Investments 1995/004512/07
- Syringa Tree Investments 2000/007286/07

- Syndicate Investments 1944/016943/07
- The Hollard Insurance Company 1952/003004/06
- Hollard Life Properties 1973/016108/07
- Hollard Wealth Management 2002/031432/07
- Flaviobiz Limited 2009/023003/06
- Hollard Management Company 2008/023747/07
- The Best Funeral Society 1997/005812/07
- Cannon Asset Managers (Pty) Ltd 2000/025176/07
- Hollard Investment Managers (Pty) Ltd 1997/001696/07
- Altrisk (Pty) Ltd 1997/017143/07
- Finningley Financial Services (Pty) Ltd 2014/017221/07

The following entities are associates of Hollard Investment Managers:

- Hollard Holdings 1972/003640/07
- The Hollard Life Assurance Company 1993/001405/06
- Hollard Life Properties 1973/016108/07
- Hollard Wealth Management 2002/031432/07
- Flaviobiz Limited 2009/023003/06
- Hollard Management Company 2008/023747/07
- The Best Funeral Society 1997/005812/07
- Altrisk (Pty) Ltd 1997/017143/07

7. Third parties in which Hollard holds an ownership interest

¹As defined in the FAIS General Code of Conduct

Hollard Insurance holds ownership interests in the third parties as detailed below:

- 50% shareholding in Exiliti Services 1999/027908/07
- 42.4% shareholding in Advantage Motor Plan (Pty) Ltd 2001/0003085/07
- 40 % shareholding in Eikos Holdings (SA) Pty Ltd 1999/028180/07
- 39.8% shareholding in Legal Expenses Group Africa Ltd 1996/014818/06
- 30% shareholding in Oakhurst Insurance Co Ltd 2006/000723/06
- 30% shareholding in Badger Holdings (Pty) Ltd 2005/022211/07
- 30% shareholding in African Independent Brokers (Pty) Ltd 2005/042410/07
- 10.63% shareholding in Clientele Life Assurance Co Ltd 1973/016606/06
- 8.7% shareholding in Silver Cluster Loan Stock Company Limited 2002/028458/06
- 14.8% shareholding in Stride Intermediary Holdings (Pty) Ltd 2011/004609/07

Hollard Life Assurance holds ownership interests in the third parties as detailed below:

- 40% shareholding in ProRisk Pooling Scheme Administrators (Pty) Ltd 2010/004383/07
- 25% shareholding in Fiscal Tree Investments (Pty) Ltd 2008/009340/07
- 25% shareholding in Broadcast Micro Solutions (Pty) Ltd 2012/226453/07
- 29.71% shareholding in Capricorn Capital Partners 2002/031449/07
- 49.98% shareholding in Hollard Asset Management 1985/004619/07
- 21.9% shareholding in Friedshelf 1207 (Pty) Ltd 2010/001767/07
- 8.75% shareholding in Clientele Life Limited 1973/016616/06
- 7.70% Nandos Group Holdings Limited 1994/007318/06

Hollard Investment Managers does not hold ownership interests in any third parties.

8. Third parties who hold an ownership interest in Hollard

There are no third parties who hold an ownership interest in Hollard Life Assurance.

The following third parties hold an ownership interest in Hollard Insurance:

- Mimososa Beleggings (Eiendoms) Beperk 1968/007840/07 holds a 13.14% shareholding
- Tarofax Holding Company (Proprietary) Limited 1980/005591/07 holds a 6.47% shareholding
- R. Enthoven And Sons (Proprietary) Limited 1972/010687/07 holds a 1.96% shareholding

There are no third parties who hold an ownership interest in Hollard Investment Managers.

9. Consequence of non-compliance with this policy

Failure to comply with the provisions of this policy by any staff member or FAIS representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member or representative.