



CONFLICT OF INTEREST MANAGEMENT POLICY
for
EUROP ASSISTANCE WORLDWIDE SERVICES
(SOUTH AFRICA) PTY LTD

Prepared in accordance with the Financial Advisory and
Intermediary Services Act No. 37 of 2002

EFFECTIVE DATE: 1 November 2017

TABLE OF CONTENTS

1. INTRODUCTION.....	1
2. PURPOSE OF THE POLICY.....	1
3. POLICY STATEMENT.....	1
4. WHO DOES THE POLICY APPLY TO?.....	1
5. CONFLICT OF INTEREST DEFINED.....	2
6. MECHANISMS FOR IDENTIFYING CONFLICTS OF INTEREST.....	4
7. MEASURES FOR AVOIDANCE OR MITIGATION OF CONFLICTS OF INTEREST.....	5
8. CONFLICT OF INTEREST INTERNAL CONTROLS.....	7
9. GRATIFICATION AS A FORM OF CONFLICT OF INTEREST.....	8
10. MEASURES FOR DISCLOSURE OF CONFLICT OF INTEREST.....	8
11. REPORTING OF CONFLICTS OF INTEREST.....	9
12. CONSEQUENCES OF NOT ADHERING TO THE POLICY.....	9
13. CONSEQUENCES OF WITHHOLDING INFORMATION OR INACCURATE INFORMATION.....	10
14. EASA'S ASSOCIATES.....	10
15. STAFF TRAINING AND GENERAL AWARENESS.....	10
16. REVIEW OF THE POLICY.....	11

1 INTRODUCTION

This Conflict of Interest Policy (“COI”) provides for measures to identify, manage and avoid existing and potential conflicts of interests in terms of the regulatory requirements of the Financial Advisory and Intermediary Services Act No. 37 of 2002 (hereinafter referred to as the FAIS Act). This policy is vitally important in order for potential conflicts of interest to be identified as soon as possible, as conflicts of interest affecting clients could undermine the integrity and professionalism of EASA.

2 PURPOSE OF THE POLICY

The purpose of this policy is to provide a framework for the avoidance and management of conflicts of interest in EASA, thereby ensuring compliance with the regulatory requirements of the FAIS Act and avoiding legal liability, penalties, fines and reputational harm arising from any conflict of interest.

3 POLICY STATEMENT

EASA is committed to avoiding, and where this is not possible, mitigating any conflict of interest that may arise between EASA, as a financial service provider (and/or its representatives), and its policyholders when rendering financial services.

4 WHO DOES THIS POLICY APPLY TO?

4.1. This conflict of interest policy (“COI”) is applicable to Europ Assistance Worldwide Services (SA) (Pty) Ltd (Hereinafter referred to as “EASA”).

4.2. This policy applies to all EASA employees including its directors, permanent and temporary staff, agents, consultants and contractors as well as their immediate family members.

4.3. It is the duty and responsibility of each employee to familiarise him/herself with the contents of this policy and proactively seek guidance from the Compliance Department in cases of uncertainty. The Compliance Department can be contacted on: +27 (0) 11 991 9416.

4.4. EASA management are responsible for the training of staff members within their departments on this policy.

5 CONFLICT OF INTEREST DEFINED

5.1 EASA adopts the statutory definitions as set out in Board Notice 58 of 2010 – Financial Advisory and Intermediary Services Act (FAIS), 2002: Amendment of the General Code of Conduct for authorised Financial Services Providers and Representatives, which provides 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.

5.2 Conflict of Interest may include the following:

- 5.2.1. Real or perceived financial gain resulting from recommendations to our clients that prejudice the client;
- 5.2.2. An outcome of service delivery or transaction that may not best serve the interests of the client;
- 5.2.3. Non-cash incentives that may be received by the business as a result of affecting any predetermined transaction and/ or product; and
- 5.2.4. Effecting a transaction and/ or product that may benefit a party other than the client.

5.3 **Annexure “A”** below lists the following types of financial interests:

- (a) Financial Interest that are allowed, but subject to prior approval and the total expenditure not exceeding R1 000.00 per FAIS representative during any one year from the same third party;
- (b) Financial interests that are disallowed; and
- (c) Financial interests that are not subject to the Code and therefore does not require any prior approval in terms of this Policy

6 MECHANISMS FOR IDENTIFYING CONFLICTS OF INTEREST

- 6.1 The “**trust test**” must be applied to identify and establish conflict of interest. The “trust test” entails enquiring whether one’s clients or the public would trust one’s judgment if they knew that one was involved in a particular situation or activity.

If the answer to this enquiry is “yes”, then the situation or activity does not give rise to a conflict of interest. However, if the answer is “no” or “maybe”, then that particular situation or activity is likely to give rise to an actual or potential conflict of interest.

- 6.2 Irrespective of the “trust test”, a conflict of interest will be deemed to have arisen if EASA provides “disallowed financial interest” as listed in Annexure “A”, or incurs expenditure in excess of R1 000.00 per FAIS representative per annum.
- 6.3 Representatives must, bi-annually declare interests in other financial services providers.
- 6.4 Complaints regarding conflict of interest should immediately be escalated to Management or to the Compliance Team.
- 6.5 Representatives, Key Individuals and management must be trained to assist in identifying conflicts of interest.
- 6.6 Before EASA concludes new business arrangements, the Business Unit Head 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 EASA to ensure that this identification process is carried out and appropriately documented before the relationship proceeds.

7 MEASURES FOR AVOIDANCE OR MITIGATION OF CONFLICTS OF INTEREST

- 7.1 Whenever any potential conflict of interest is identified, a 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/controls to mitigate and manage the identified conflict of interest.
- 7.2 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.
- 7.3 All expenditure incurred that forms part of “immaterial financial interest” will require the written consent of the Manager of the relevant Business Unit and must be recorded in relevant conflict of interest register. “Immaterial financial interest” is a financial interest with an aggregate value of R1 000.00 or less, given to or received from the same FAIS representative, in any given year from the same third party.
- 7.4 Examples of expenditure that form part of “immaterial financial interest” and that will be subject to specific approval and recording in the conflict of interest register include items listed in the “allowed, but subject to approval” column in Annexure “A”.
- 7.5 In exercising his/her discretion, the Manager must have regard to: the relevant conflict of interest register; any commission regulations or other laws which may be breached by the receipt of such gift or entertainment; and a written

statement from the giver explaining the reason for and purpose of the entertainment or gift that must accompany any request for authorisation.

7.6 If it has been established that a particular situation or activity gives rise to a conflict of interest, one must avoid that situation or refrain from that activity. However, if it is not possible to avoid the situation or refrain from the activity that gives rise to a conflict of interest, as confirmed by the Head of the affected EASA Business Unit, the Head of that Business Unit shall, prior to approving the relevant situation or activity:

7.6.1. establish the extent to which a specific intermediary is conflicted, i.e. the extent to which the intermediary (EASA) acts on behalf of the corporate client whilst also acting on behalf of a corporate client's policyholder/client;

7.6.2. establish the extent to which corporate client's reputation would be damaged, if the situation or activity giving rise to a conflict of interest were to be brought to the public's attention;

7.6.3. establish the estimated direct financial impact that a particular situation or activity would have on the corporate client;

7.6.4. consider how the financial interest is likely to affect the policyholder; and

7.6.5. Consider whether the corporate client has an appetite to assume the risk, in light of the answers to the above considerations.

7.7 Decisions pertaining to particular potential conflict of interest situations that fall within the definition of a "material conflict of interest" must be taken in consultation with the Executive Head of the affected Business Unit. "Material conflict" is a conflict of interest whose monetary value exceeds R10 000.00 or that will directly impact the corporate client's reputation.

7.8 Each FAIS representative has a duty to track any immaterial financial interest given to him or her by a corporate client and/or service provider, and to advise

his or her Manager or the Compliance team accordingly, as soon as the corporate client and/or service provider's expenditure reaches R1000.00 in that particular year.

- 7.9 Where a conflict is identified and a decision is made in respect of the management thereof, the nature of the decision must be communicated to the FSP in writing as soon as possible. The FSP must in turn disclose the conflict to the policyholder. This applies regardless of whether the decision was made to cease with the relevant activity or continue therewith despite the existence of the conflict or potential conflict. It is important for the preservation of the corporate integrity of EASA that these disclosures are made at all times.

8 CONFLICT OF INTEREST INTERNAL CONTROLS

- 8.1 To manage conflicts of interest, EASA must maintain a conflict of interest register which must be accessible by key employees identified by the relevant Business Unit Head.
- 8.2 The Head of the relevant Business Unit must designate a person responsible for the maintenance of the register, who will be consulted by all employees prior to incurring expenditure in respect of a particular FAIS representative falling within the responsibility of that Business Unit.
- 8.3 EASA employees must disclose to the person responsible for the relevant register any immaterial financial interest or financial interest, as defined in 7.3 above, received from or given to a FAIS representative. This disclosure must be made within one week after the relevant activity has taken place. Details regarding supporting documentation such as receipts, must also be disclosed and recorded in the conflict of interest register.
- 8.4 A person responsible for the maintenance of a conflict of interest register must record disclosures made in the register, without delay.
- 8.5 The conflict of interest registers will be audited by EASA's Legal and Compliance Team annually for the purpose of determining whether any

financial interest given or received exceeded the aggregate value of R1 000.00 per FAIS representative and to determine whether any expenditure is duplicated across the respective conflict of interest registers.

- 8.6 Employees must be made fully aware of the Conflict of Interest Management Policy through awareness training.

9 GRATIFICATION AS A FORM OF CONFLICT OF INTEREST

- 9.1 A conflict of interest also arises when any form of gratification is offered to or received for the rendering of any services and therefore full disclosure of the received gratification is mandatory.
- 9.2 Gratification is a broad concept and includes, amongst other things, money, donations, gifts, loans, property and contracts of employment.
- 9.3 Please refer to the Gifts Policy for further information on Gratification.

10 MEASURES FOR DISCLOSURE OF CONFLICT OF INTEREST

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

- (a) The existence of the conflict of interest;
- (b) A description of what the conflict is;
- (c) Its impact;
- (d) The measures taken to mitigate and manage it; and
- (e) The customer's free choice whether he wishes to continue.

11 REPORTING OF CONFLICTS OF INTEREST

- 11.1 The outcome of the conflict of interest register audit shall be reported to the Chief Executive Officer, the FAIS Compliance Officer and the FAIS appointed Key Individuals of EASA.
- 11.2 Heads of Business Units who have engaged in activities that have given rise to conflict of interest situations are obliged to disclose to the EASA Executive Committee the detail pertaining to such activities, including the mitigation measures taken. This must be done on a quarterly basis and must include recommendations regarding steps that will be taken to avoid a recurrence of such conflict of interest situations.
- 11.3 Discussions regarding conflicts of interest by the Executive Committee during their committee meetings must be recorded in the minutes of such meetings. The relevant extracts of the minutes must be made available to the FAIS Compliance Officer upon request, for the purpose of enabling the FAIS Compliance Officer to report on compliance with this Policy, as required by the General Code of Conduct for authorised Financial Services Providers and Representatives (“Code”).

12 CONSEQUENCES OF NOT ADHERING TO THE POLICY

Violation of this Policy by an EASA employee may result in disciplinary action being taken against the employee in accordance with EASA’s Disciplinary Policy as amended, from time to time.

13 CONSEQUENCES OF WITHHOLDING INFORMATION OR SUBMISSION OF INACCURATE INFORMATION

Provision of false or misleading information or concealment of material facts relating to activities logged or that must be logged in a conflict of interest register is, in addition to being a disciplinary action, a punishable offence. Such conduct can, on conviction, lead to a fine of up to R1 million or imprisonment for up to 10 years.

14 EASA'S ASSOCIATES

14.1 Conducting business with or via an “associate”, as defined in the Code, may inherently give rise to a conflict of interest, thus EASA is required by the Code to make a list of its associates available to interested parties, together with this policy.

14.2 The EASA's associates are listed in **annexure “B”** of this policy.

15 STAFF TRAINING AND GENERAL AWARENESS

15.1 All EASA employees must be trained on this policy.

15.2 A copy of the policy must be available to each employee of the FSP, and the updated versions must be circulated as and when they are updated.

15.3 All existing and future clients must be made aware of the existence of this Conflict of Interest Management Policy by EASA and there must be easy access to this Policy.

16 REVIEW OF THE POLICY

This policy shall be reviewed by Senior Management, Key Individuals and the FAIS Compliance Officer annually and any changes to this policy shall be communicated to all EASA employees.

“ANNEXURE A”

	FINANCIAL INTERESTS ALLOWED	FINANCIAL INTERESTS DISALLOWED	FINANCIAL INTERESTS ALLOWED SUBJECT TO PRIOR APPROVAL¹	FINANCIAL INTEREST NOT SUBJECT TO THE CODE – NO PRIOR APPROVAL REQUIRED
1	Commission, in accordance with the Short-term Insurance Act, 1998 (Act No.53 of 1998) (“the STIA”)	Financial interest to a FAIS rep for giving preference to a quantity of business to the exclusion of quality to the policyholder, preference to a specific product supplier, or preference to a specific product.	Sporting events, e.g. golf days	“Pay your own way” entertainment or functions
2	Fees as provided for in the STIA	Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, and any other incentive or valuable consideration not mentioned above, including travel and accommodation associated with allowed training.	Gifts	Compassionate flowers

¹ And total expenditure NOT exceeding R1 000.00 per FAIS representative in any one year

3	Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA are payable, provided the client has specifically agreed to the fees in writing and has a discretion to stop them at any time.	Training that is restricted to a select group of providers or FAIS representatives and that does not meet the conditions in item 8 under the "Allowed Column"	Promotional items	Personal/ private expenditure with FAIS representatives
4	Fees for services rendered to a "third party", provided the fees are reasonably commensurate with the service rendered.		Meals, except meals provided during training that is allowed	Marketing and advertising, provided a fair value for the service, as would have been charged elsewhere, is charged.
5	Any financial interest with a determinable monetary value not exceeding R1000.00 per FAIS representative in any given year		Weekends away	Provision of electronic tools and services without which an FSP cannot service EASA, underwriting services, call centre services, etc
6	Financial interest for which the provider or FAIS representative has paid fair value or remuneration reasonably commensurate to the financial interest.			brokers who manage their books well
7	Ownership interest			
8	Training that is not restricted to a selected group of providers			

	and FAIS representatives on products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service.			
--	--	--	--	--

“ANNEXURE B”

Associates

List of associates in which EASA holds an ownership interest as at 1 November 2017

	PRODUCT SUPPLIER	NATURE OF OWNERSHIP INTEREST	EXTENT OF OWNERSHIP INTEREST	RELEVANT ASSOCIATES	NATURE OF ARRANGEMENT / AGREEMENT
1	EA Training Academy (Pty) Ltd	Shareholding	100%	N/A	Subsidiary

“ANNEXURE C”

Definitions

1. **“Distribution Channel”** means:
 - (a) Any arrangement between a product supplier [or any of its associates] and one or more providers [or any of its associates] in terms of which arrangement, any support or service is provided to the provider/s in rendering a financial service to a client;
 - (b) Any arrangement between two or more providers [or any of their associates], which arrangement facilitates, supports or enhances a relationship between the provider/s and a product supplier;
 - (c) Any arrangement between two or more product suppliers [or any of their associates], which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

2. **“Ownership Interest”** means:
 - (a) An equity or proprietary interest, for which fair value was paid by the owner at the time of the acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
 - (b) Includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

3. **“Provider”** means an authorised financial services provider, and includes a representative.

4. **“Product Supplier”** means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act, 1973.

5. **“Third party”** means:

- (a) A product supplier;
- (b) Another provider;
- (c) An associate of a product supplier or a provider;
- (d) A distribution channel;
- (e) Any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) provides a financial interest to a provider or its representative.

**“ANNEXURE D”
CONFLICTS OF INTEREST REGISTER**

Financial Advisory and Intermediary Services Act 2002 (FAIS)								
Purpose -To record the incidence of conflicts of interest by the FSP to ensure compliance with the requirements of the FAIS Act and other legislation. This register should act as a summary document with more detailed history contained in the conflicts file where appropriate (copy of agreement).								
Ref No and ID of conflict	Received	Rec'd from	Rec'd by	Referred Internal	Description of conflict (add attachment no. or brief detail here)	Activity update	Status	OUTCOME- Description/ Comments AND Learnings
Version number	5			Last Updated on:	Last Updated by:			
				_____	_____			