

# CONFLICT OF INTEREST MANAGEMENT POLICY

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*To be held in hard copy and kept available/visible for perusal of clients*



# TABLE OF CONTENTS

<b>1. BACKGROUND</b>	<b>1</b>
<b>2. OBJECTIVE OF THE POLICY</b>	<b>1</b>
<b>3. MISSION STATEMENT ON CONFLICT OF INTEREST</b>	<b>2</b>
<b>4. UNDERSTANDING THE DEFINITIONS</b>	<b>2</b>
<b>5. WHAT MAY WE GIVE AND RECEIVE?</b>	<b>3</b>
<b>6. REMUNERATION POLICY</b>	<b>4</b>
<b>7. PROCESSES AND INTERNAL CONTROLS</b>	<b>4</b>
<b>8. MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS</b>	<b>5</b>
<b>9. ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT</b>	<b>6</b>
<b>10. TRAINING AND STAFF</b>	<b>6</b>
<b>11. REPRESENTATIVE INCENTIVES</b>	<b>7</b>



## 1. BACKGROUND

Section 3A(2)(a) of the General Code of Conduct for Authorised Financial Services Providers and their Representatives of 2003 stipulates that every provider, other than a representative, must adopt, maintain and implement a Conflict of Interest Management Policy that complies with the provisions of the Financial Advisory and Intermediary Services Act of 2002 (FAIS Act).

This policy describes the mechanisms in place at Elevate Life (Pty) Ltd. ("Elevate Life") to identify, mitigate and manage any conflicts of interest to which Elevate Life is a party.

This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and their Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

## 2. OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board.

In terms of the FAIS Act, Elevate Life is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. Elevate Life has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, Key Individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

Elevate Life keeps and maintains a register in which all actual or potential conflicts are recorded.



### 3. MISSION STATEMENT ON CONFLICT OF INTEREST

Elevate Life is committed to ensuring that all business is conducted in accordance with good business practice. To this end, Elevate Life conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, Elevate Life is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is a primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage such conflicts; and
- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflicts of interest.

### 4. UNDERSTANDING THE DEFINITIONS

#### **Conflict of Interest**

A conflict of interest may occur when, in rendering a financial service we fail to act objectively render a biased or unfair service or do not act in your interests, including but not limited to:

- A financial interest;
- An ownership interest;
- Any relationship with a third party.

#### **A Financial Interest**

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1,000 per annum) other than:

- An ownership interest; or
- Training, that is not exclusively available to a selected group of providers or representatives, on
  - Products and legal matters relating to those products;
  - General financial and industry information; or
  - Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.



### **An Ownership Interest**

This includes:

- any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee; or
- any dividend, profit share or similar benefit derived from such interest.

### **Fair Value**

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

## **5. WHAT MAY WE GIVE AND RECEIVE?**

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

- Commission authorised under the Long-term Insurance Act, 52 of 1998;
- Fees under the aforesaid act if these fees are reasonably commensurate to the service being rendered;
- Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- Subject to any other law, an immaterial financial interest;
- A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.



## 6. REMUNERATION POLICY

Remuneration of our external sales staff, agents and intermediaries is in the form of commission. The amount and timing of this commission is either, or a combination of, upfront or ongoing, within the limits stipulated in the Long-Term Insurance Act Regulations. The terms of these may differ between agreements. We do not currently pay sales staff, agents and intermediaries service or policy fees.

Remuneration of internal staff is through salaries and discretionary performance bonuses.

## 7. PROCESSES AND INTERNAL CONTROLS

### Identification of Conflict of Interest

To adequately manage conflicts of interest, we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which this policy applies, Elevate Life considers whether there is a material risk of damage to the client, taking into account whether Elevate Life or its representative, associate or employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client; or
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

### Our policy defines possible conflicts of interest as, *inter alia*:

- conflicts of interest between Elevate Life and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- storing confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients. We may only receive commissions authorised in terms of applicable legislation.



Elevate Life maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis. Apart from the register of actual conflict of interests, record must be kept of potential conflict of interest and closely monitored by the Key Individual or assigned staff.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

## 8. MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

- We will create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.
- Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.
- Conduct regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- Keep a register of conflicts of interest.

Once a conflict of interest has been identified, it must be appropriately and adequately managed.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that must be put in place to manage the conflict.

### Disclosure

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.



## Publication

We will publish our Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

## Declining to act

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

# 9. ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually and included in our annual FSCA compliance report, containing details "...on at least the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy."

The Key Individual, Matan Abraham, who is in charge of the supervision and monitoring of this policy will regularly monitor and assess all related matters.

# 10. TRAINING AND STAFF

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on the Conflict of Interest Management Policy will be provided to all employees and representatives as part of specific and/or general training on the FAIS Act. Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The Key Individual, Matan Abraham, will conduct *ad hoc* checks on business transactions to ensure the policy has been complied with.





The Compliance Officer will include monitoring of the Conflict of Interest Policy as part of her general monitoring duties and will report thereon in the annual compliance report. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable. Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually and updated if applicable.

## **11. REPRESENTATIVE INCENTIVES**

We confirm that we will not offer any financial interest to our Key Individuals or representatives for:

- favouring quantity of business over quality of service; or
- giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.