



Business Advisory Solutions

INSURANCE • HEALTHCARE • INVESTMENT

Authorized Financial Services Provider – FSP No. 51543

CONFLICT OF INTEREST POLICY

CONFLICT OF INTEREST POLICY

OUR FAIS CONFLICT OF INTEREST MANAGEMENT POLICY

This policy deals with conflicts of interest between VP Business Advisory Solutions (Pty) Ltd or its employees and our customers when giving advice and providing intermediary services to them. Employee means any permanent or temporary employee, director, officer, agent or independent contractor for VP Business Advisory Solutions (Pty) Ltd. The aim of the policy is to make sure that we avoid or control any conflict of interest situations that could negatively affect our customers.

- A conflict of interest arises when an actual or potential interest may influence you to not act fairly, independently and objectively towards your customer.

All VP Business Advisory Solutions (Pty) Ltd employees must follow this policy, which is required by the General Code of Conduct to the Financial Advisory and Intermediary Services Act (FAIS).

This policy is one part of our comprehensive framework aimed at ensuring that we follow all laws that apply to our industry. Customers can get a copy of this policy from the VP Business Advisory Solutions (Pty) Ltd Website, any VP Business Advisory Solutions Branch or by contacting the VP Business Advisory Solutions (Pty) Ltd Client Service Centre.

The VP Business Advisory Solutions (Pty) Ltd policy on conflict of interest sets out:

- Aims and general duties of VP Business Advisory Solutions (Pty) Ltd and our employees
- Identifying, managing and disclosing conflicts of interest
- Duties of Department Unit Management and its external Compliance Officer

VP Business Advisory Solutions (Pty) Ltd.'s FICA Policy also contains rules about conflicts of interest between employees and VP Business Advisory Solutions (Pty) Ltd. All employees must follow these rules as well.

The VP Business Advisory Solutions (Pty) Ltd Board adopted this policy on 1 April 2021.

1. AIMS AND GENERAL DUTIES OF VP BUSINESS ADVISORY SOLUTIONS (PTY) LTD AND OUR EMPLOYEES

VP Business Advisory Solutions (Pty) Ltd has a duty to avoid, mitigate and disclose conflicts of interest

- 1.1 VP Business Advisory Solutions (Pty) Ltd and our employees have a duty to act in the customer's interests when we give advice or provide intermediary services to them. This includes remaining independent, objective and professional. It also involves avoiding conflicts of interest, or managing them if they cannot be avoided, and informing our customers about the conflicts that cannot be avoided.
- 1.2 If you are a permanent or temporary employee, a director, officer, agent or independent contractor for VP Business Advisory Solutions (Pty) Ltd, this policy applies to you. You have a duty to know this policy and to report conflicts of interest.
- 1.3 All employees have a duty to read and understand this policy. You also have a duty to be aware of potential and actual conflicts of interest and to report them if you are involved in them. If you suspect or know of a conflict of interest, you should report it, even if you are not involved in it. If you breach this policy, you may face disciplinary action.
- 1.4 All employees must comply with this policy. If you do not, you may face a disciplinary enquiry or legal action that could result in dismissal or being debarred or removed from a

position. Business Unit senior management must develop conflict of interest guidelines for the business.

- 1.5 It is the responsibility of senior management in each VP Business Advisory Solutions (Pty) Ltd Business Unit to set clear guidelines about what type of activities should be avoided. Business Unit Managers and Key Individuals must be aware of conflicts of interest
- 1.6 It is the responsibility of Business Unit Managers and Key Individuals to be aware of all potential and actual conflicts of interest. Our three lines of defence risk management model ensures that we comply with this policy.
- 1.7 Conflicts of interest are a potential risk to our customers' interests and to our business. To manage this and other risks, we have put in place a comprehensive approach, called the three lines of defence.
 - 1.7.1 The first line of defence is for employees, including management, to understand their roles and responsibilities and build risk and management controls.
 - 1.7.2 The second is for business units to provide a framework to manage governance and risk by defining policies and work practices, and to see that they are observed. The compliance framework and structure is central to this.
 - 1.7.3 The third is independent assurance of internal and external auditors, who evaluate if laws and policies are being observed.

2. IDENTIFYING, MANAGING AND DISCLOSING CONFLICTS OF INTEREST

This section is for all employees of VP Business Advisory Solutions (Pty) Ltd.

2.1 There is the potential for a conflict of interest in any activity, relationship or process you are involved in. All employees, especially managers, need to be aware of this potential. Always try to avoid a conflict of interest

2.2 It is always best to avoid a conflict of interest situation. All employees, especially representatives, must avoid being in a position where there is a conflict of interest between your interests and the customer's.

2.3 The diagram below shows how VP Business Advisory Solutions (Pty) Ltd deals with conflicts of interest:

Step 1: Identify and report the conflict

2.4 Before you provide financial services to any customer and during your relationship, you need to ask:

- Are my interests and those of the company aligned with the customer's needs?
- Am I acting independently, objectively and professionally towards the customer?
- Am I acting in the customer's interests or mainly in my own interest or the company's or someone else's?

You are not acting in the customer's interests if you have an actual or potential interest that can prevent you from acting fairly, independently and objectively.

2.5 If you suspect a conflict of interest, you must report it. When you identify a conflict of interest, even if you are not sure if it is a conflict, you have a duty to report it first to the Key Individual or external Compliance Officer, who will record it in the Conflict of Interest Register.

Step 2: Manage the conflict

2.6 The next step is for Key Individual and the Compliance Officer or Risk

Officer to manage the conflict of interest by doing an evaluation and deciding on what steps to take.

2.7 The evaluation must include:

- a) if it is possible to avoid the conflict by ending it. If it is possible to end, what action
- b) has been taken to do so; or
- c) reasons why the conflict cannot be avoided, and
- d) what can and has been done to control the conflict. (These are called mitigating
- e) measures), and
- f) how the mitigating measures will lessen the effects of the conflict on the customer,
- g) and
- h) e) what to tell customers about the conflict. (This is called disclosure), and
- i) f) when and how the customer will receive these disclosures.

Step 3a: Avoid the conflict

2.8 This step follows on the evaluation. If the evaluation found that it was feasible for the conflict to be avoided by ending the situation, this should be done at this point.

Step 3b: Mitigate or control the conflict

2.9 If it is not feasible to avoid a conflict of interest, it must be managed. Key Individual working with Compliance Officers must develop:

- control measures to reduce any negative effect on the customer, and
- an appropriate system to inform customers about the conflict, its possible negative effects and what VP Business Advisory Solutions (Pty) Ltd has done to reduce the possible effects.

Rules about giving and receiving financial benefits.

2.10 VP Business Advisory Solutions (Pty) Ltd sets limits regarding giving and receiving financial benefits from third parties, including product suppliers, financial services providers and any associated companies. These rules are contained in the Immaterial Financial Interest Rules. The reason for these limits is to prevent you from influencing or being influenced in a business transaction by gifts or other benefits.

2.11 The rules apply to any VP Business Advisory Solutions (Pty) Ltd employee in connection with a product supplier, a financial services provider and any of their associated companies. If you are not sure if you may receive or give a gift or other benefit, ask your Key Individual or Compliance Officer.

2.12 The rules state that you may not give or receive a gift or any other benefit from a product supplier, a financial services provider and any of their associated companies. You may, however, receive or spend up to R100 a time on incidental benefits incurred during normal business interactions. The yearly limit is R1000.

Step 3b: Mitigate or control the conflict (continued)

Examples of financial interests or benefits

A financial interest or benefit is any advantage you receive as a result of your dealings, such as:

- money services
- vouchers discounts
- more business accommodation

- gifts entertainment
- shares
- travel sponsorships

An interest may also not be financial, but still benefits you, the company or another person.

Examples of ways to control conflict of interest situations

2.13 By putting the following measures in place, you can control the negative effects of conflict of interest:

- Keep a record of how you reached a decision on what product to recommend.
- Keep a record of why and how you made recommendations to customers about products.
- Allocate another VP Business Advisory Solutions (Pty) Ltd representative to service a particular customer if you are personally conflicted.
- Increase and improve the information you disclose to customers.
- Make sure that there are checks and balances that encourage objective judgment.
- Have an anonymous whistle-blowing facility for employees.

Step 4: Disclose the conflict

2.14 The last step is to disclose to the customer in writing:

- what we have done to manage or mitigate the conflict
- details about any relationship with a third party that has caused the conflict of interest
- details about any 'ownership interest' or 'financial interest' VP Business Advisory Solutions (Pty) Ltd or an employee may have that would benefit the employee or company.

2.15 Our disclosures to customers must be meaningful for the customer, prominent and specific to each situation.

These are examples of conflicts that we should generally disclose to our customers:

- if you or an associated person have an interest in the financial product that you are giving advice about
- if you or an associated person are related to the product supplier that you are giving advice about
- if your remuneration is affected by product sales
- who owns the financial services provider and product supplier
- if there is a third party relationship between the financial services provider that is giving the advice about the product and the product supplier.

3. DUTIES OF BUSINESS UNIT MANAGEMENT AND COMPLIANCE OFFICERS

This section is for Key Individuals and Compliance Officers. If there is no Compliance Officer, this section applies to the Key Individual / Department / Business Risk Officer. It sets out their duties regarding conflicts of interest in VP Business Advisory Solutions (Pty) Ltd. Business Unit Management has overall responsibility for this policy. As Business Unit Managers, you must provide leadership and an example to all employees regarding conflict of interest issues:

- a) You must establish control measures
- b) You must make sure that you develop and put appropriate controls in place for the policy to
- c) operate effectively. These controls must help to identify, avoid, evaluate and control actual
- d) and potential conflicts.
- e) You must make sure that Legal and Compliance have signed off on all product documents.
- f) You must sign the Conflict of Interest Register once a year.

- g) You must monitor your controls
- h) You must set up monitoring measures to make sure your controls are effective.
- i) Your duties regarding employees
- j) You must:
 - communicate this policy to all your employees
 - make sure that all employees observe it
 - take action if the policy is not observed. This could include correcting the problem or disciplinary action.
- k) Your duties to customers
- l) You must:
 - develop and implement a system to disclose any conflicts of interest to the customer.
 - The disclosures must be in writing and sent to the customer as soon as possible.
 - make sure these disclosures have reached the customer
 - make sure customers understand the content of the disclosures.

Business Unit Compliance Officers must monitor controls and reporting

As the Key Individual / Compliance in a Business Unit, you are responsible for:

- making sure that the Business Unit's controls are being carried out and that accurate and relevant reports are submitted to Business Unit Management
- making sure that the controls make it possible to comply with this policy and the FAIS Code of Conduct
- regularly reporting details of the controls in place, if they are being carried out and if they are being followed to the external Compliance Officer
- reporting any situation where either this policy or the FAIS Code of Conduct were not observed. This must be part of the Compliance Monitoring Report. You must submit this report to the Business Unit Risk Committee, the Compliance Committee, the external Compliance Officer and if necessary, the Regulator.
- put in place a Conflict of Interest Register
- keeping records of all identified and reported conflicts in the Conflict of Interest Register, and showing how the company controlled and monitored compliance.

The external Compliance Officer must review and report on the conflict of interests management policy. The external Compliance Officer has a legal responsibility to:

- review the policy each year
- make sure the Management Board approves any changes
- decide each year what the regular Business Unit Compliance reports to external Compliance should contain report on VP Business Advisory Solutions (Pty) Ltd.'s conflict of interest management policy to the FAIS registrar in the regular FAIS report.
- Business Unit Management and Compliance Officers must work together
- There are joint responsibilities of Business Unit Managers and Compliance Officers. These are:
 - evaluating potential and actual conflicts of interest
 - working out the best ways to ensure that monitoring complies with the FAIS Code of Conduct
 - agreeing on how and when to report on its monitoring activities
 - reviewing the reports regularly.

APPENDIX A - OUR FINANCIAL CRIME POLICY

This policy deals with several issues, including conflicts of interest between an VP Business Advisory Solutions (Pty) Ltd's employee and the company. The aim of the section on conflict of interests is to make sure that an employee's interests do not conflict with the interests of the company.

A conflict of interest in this case is when an employee's personal or business interests negatively affect their ability to act ethically or objectively in their work. All VP Business Advisory Solutions (Pty) Ltd employees must follow this policy:

The Financial Crime Policy also sets out general rules on giving and receiving gifts, including what a gift is and declaring gifts.

Important note:

These rules are different to the Immaterial Financial Interest Rules, which are stricter but only apply to VP Business Advisory Solutions (Pty) Ltd employees in relation to financial services providers, product suppliers or any of their associated companies.

If you are not sure if a rule in the Immaterial Financial Interest Rules or the Financial Crimes Policy applies to you, always ask your Key Individual.

Employees can also get a copy of the Financial Crime policy from the VP Business Advisory Solutions (Pty) Ltd on our Dropbox (cloud storage) under the Compliance Folder.

APPENDIX B - REPRESENTATIVE INCENTIVISATION

The Code of Conduct to the Financial Advisory and Intermediary Services Act (FAIS) requires VP Business Advisory Solutions (Pty) Ltd to give information on how our different categories of representatives qualify for a financial interest.

Personal Financial Adviser: Remuneration and Incentives

Financial Advisers earn commission based on a sliding scale of the regulated or otherwise agreed commission or fees from the products that they are licensed to sell to their customers. There are no limitations on any products, nor are any weightings applied to certain products. In addition, advisers that are new to the industry can earn fees for obtaining learning credits and also for achieving minimum performance standards. The financial planning process forms part of our prescribed internal requirements, ensuring that all customers receive comprehensive and quality advice.

VP Business Advisory Solutions (Pty) Ltd decides which Financial Advisers will be invited to attend business conventions using a system called Performance Points. Performance Points are based on regulated or otherwise agreed commission or fees, with additional items that measure the quality of service to customers and various business factors. In addition to the quality elements within the scheme, advisers must obtain a minimum number of points from the sale of products from all the major categories of customer financial needs to demonstrate that they give comprehensive financial advice.

Retail Mass Advisers: Remuneration and Incentives

These representatives earn a salary plus bonuses in accordance with the regulated principles of Equivalence of Reward in the Long-term Insurance Act. They may also qualify for incentives, such as conventions, competitions benefits. All bonuses and incentives are based on a range of criteria that includes performance standards, various business factors and quality of advice measures. Quality measures include progress towards FAIS fit and proper accreditation

requirements for representatives currently under supervision, persistency, Financial Needs Analysis quality and internal assessment.

The financial planning process is followed at all times, ensuring that all customers receive comprehensive and quality advice. All telephonic sales are recorded and the quality thereof is monitored and audited by an external agency. This ensures that representatives are not remunerated solely on quantity of sales but also on quality of advice to the customer.

Retail Mass representatives only distribute the products of VP Business Advisory Solutions (Pty) Ltd. There are no incentives that give preference to one product above another.

Corporate Advisers: Remuneration and Incentives

All Corporate Sales and Client Servicing representatives are non-commissioned salaried staff. Preference is not given to particular products or services. Products and Services are provided either as identified in terms of needs analyses or, in accordance with client tender requests. Corporate Sales and Servicing staff participate with all Corporate staff in the Variable Pay Scheme and annual Corporate Awards process. The Variable Pay Scheme is based on a number of criteria including performance standards, various business factors and client servicing standards. The Corporate Awards process involves the nomination of possible winners based on performance and the evaluation of the nominees in terms of a number of different criteria independent of any specific product or service.

APPENDIX C - ACT AND CODE DEFINITIONS

We have included the following definitions from the Code of Conduct to the Financial Advisory and Intermediates Services (FAIS) Act that are relevant to VP Business Advisory Solutions (Pty) Ltd Conflict of Interest Policy.

Conflict of Interest:

“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
- c) to that client, or from acting in the best interests of that client,
- d) including, but not limited to –
 - I. a financial interest;
 - II. an ownership interest;
 - III. any relationship with a third party”

Key Individual:

“key individual”, in relation to an authorised financial services provider, or a representative, carrying on business as –

(a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or...