

# GRANADILLA'S FAIS CONFLICT OF INTEREST (COI) MANAGMENT POLICY

## STATUTORY DEFINITIONS FOR THE PURPOSES OF THIS POLICY

*“associate” means*

1. in relation to a natural person, means:
  - 1.1 a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person
  - 1.2 a child of that person, including a stepchild, adopted child and a child born out of wedlock
  - 1.3 a parent or stepparent of that person
  - 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
  - 1.5 a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs 1.2 to 1.4
  - 1.6 a person who is in a commercial partnership with that person
2. in relation to a juristic person:
  - 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
  - 2.2 which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act
  - 2.3 which is not a company or a close corporation as referred to in subparagraphs 2.1 or 2.2, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
    - 2.3.1 had such first-mentioned juristic person been a company, or
    - 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
  - 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
3. in relation to any person:
  - 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
  - 3.2 includes any trust controlled or administered by that person.

**“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:

1. influence the objective performance of his, her or its obligations to that client, or
2. 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:
  - 2.1 a financial interest
  - 2.2 an ownership interest
  - 2.3 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:

1. an ownership interests
2. training, that is not exclusively available to a selected group of providers or representatives, on:
  - a. products and legal matters relating to those products
  - b. general financial and industry information
  - c. specialised technological systems of a third party necessary for rendering a financial service, but excluding travel and accommodation associated with that training.

**“Immaterial financial”** means

any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 (one thousand Rand) in any calendar year from the same third party.

**interest” “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**

Granadilla is committed to complying with the regulatory requirements governing conflicts of interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of Granadilla’s clients, policyholders and partners.

## 3. **THE MANAGEMENT OF COI**

### 3.1 **Mechanisms for the identification of COI**

Prior to concluding new business arrangements, Granadilla shall consider whether the proposed arrangement will present any potential conflicts of interest. It will be the responsibility of the CEO/COO, entering into the relationship on behalf of Granadilla, to ensure that any potential conflicts of interest are identified and appropriately documented before the relationship progresses.

The CEO/COO will be accountable for ensuring that the necessary reviews of all existing business arrangements are conducted at least annually to assess the existing and any potential further conflicts of interest in the light of changing circumstances, or 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 conflicts of interest are identified, the department/division responsible for the relationship will consider whether any practical means exist for avoiding such conflicts of interest. Where this is not practical, the CEO/COO will consult with the Compliance Officer to devise appropriate and adequate measures to mitigate and manage the identified conflicts of interest.

These measures will be documented and communicated to all staff involved in managing the relationship so as to ensure that the associated risks are appropriately managed.

### 3.3 **Measures for the disclosure of COI**

Wherever potential conflicts of interest are identified, the CEO/COO will ensure that appropriate disclosures are made to potential clients. The following aspects are included in the disclosure information and documentation provided:

- 3.3.1 the existence of the conflict of interest
- 3.3.2 a description of what the conflict is
- 3.3.3 its impact
- 3.3.4 the measures taken to mitigate and manage it
- 3.3.5 an option for the customer to choose whether he/she wishes to continue with purchasing the product.

### 3.4 **Processes, procedures and internal controls to facilitate compliance**

The CEO/COO will be required to ensure that the policy is implemented in their departments/divisions and will on an annual basis warrant to the Compliance Officer 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 Officer to ensure that they understand their responsibilities under this policy.

The Compliance Officer will monitor compliance with this policy and will perform the necessary reviews, in consultation with management, so as to ensure that appropriate procedures and processes are in place.

The Compliance Officer will facilitate an annual review of this policy so as to ensure that it remains relevant and appropriate to meet the statutory requirements.

## 4. **FINANCIAL INTERESTS OFFERED TO GRANADILLA'S REPRESENTATIVES**

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

- 4.1 the quantity of business introduced, and
- 4.2 the quality of the service rendered to customers (as measured by Granadilla's quality assurance process).

No sales incentives may be offered to representatives for:

- 4.1 giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients
- 4.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client
- 4.3 giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

## 5. **FINANCIAL INTERESTS OFFERED BY GRANADILLA TO THIRD PARTIES**

Granadilla may receive or offer only the following financial interests from or to third parties:

- 5.1 commission authorised under the Long-term or the Short-term Insurance Acts
- 5.2 fees that are reasonably in line with the service being rendered and authorised under the Long-term or the Short-term Insurance Acts
- 5.3 fees for the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees:
  - 5.3.1 are specifically agreed to by a client in writing, and
  - 5.3.2 may be stopped at the discretion of that client
- 5.4 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
- 5.5 any immaterial financial interest as defined in the FAIS General Code of Conduct
- 5.6 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 GRANADILLA'S ASSOCIATES

The following entities are associates of granadilla

- 6.1 The Bryte Insurance Company Limited.

## 9. CONSEQUENCES 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 shall result in disciplinary action being initiated against such staff member or representative.

### Conflicts Register:

IT will be the responsibility of Granadilla's CEO/COO to implement the Conflict of interest policy and adopt it throughout the Business; For Granadilla's compliance officer to ensure training for all personnel on this policy as well as to maintain a conflict register for Potential conflict of interest.

This register will contain the following:

- Description of the potential conflict of interest which Granadilla is exposed to;
- 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 issues (s);
- Date investigation concluded and
- Steps taken to resolve (if any)