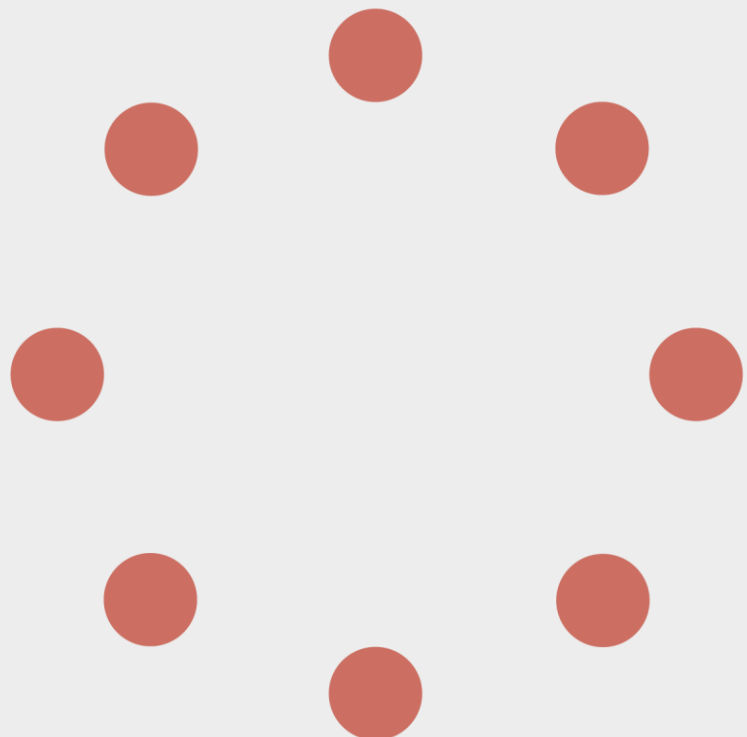




Policy

27four Group
Conflict of Interest
Management Policy



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Policy Owner	Head of Compliance Function
Approval Committee	27four Audit, Risk & Remuneration Committee
Date last reviewed and approved	2019

1. Introduction

1.1 Policy overview and purpose

The purpose of this policy is to provide an internal framework with regard to the avoidance and management of actual or perceived conflict of interest. The policy aims to provide guidance on the behaviors expected and to promote transparency and fairness. The policy defines how conflict of interest are to be managed, to identify potential conflict, to avoid conflicts where possible and how to disclose.

27four Holdings (Pty) Ltd or any of its subsidiaries (hereinafter referred to as “27four” or “the Company”) is committed to ensuring that all business is conducted in accordance with good business practice. To this end 27four 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 or potential conflict of interest.

1.2 Policy scope

This policy applies to all staff and companies within the 27four Group which includes the following entities:

- 27four Holdings (Pty) Ltd
- 27four Life Limited
- 27four Wealth (Pty) Ltd
- 27four Investment Managers (Pty) Ltd
- Africa Collective Investments (RF) (Pty) Ltd

“Staff” includes full-time employees, fixed-term contractors, temporary staff, executive and non-executive directors.

2. Definitions

2.1 “Conflict of interest” means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of their obligations to that client; or prevent a person from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to:

- a financial interest;
- an ownership interest;
- any relationship with a third party.

2.2 “Third party” means:

- a product supplier;
- another provider;
- an associate of a product supplier or a provider;
- a distribution channel;
- any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to a provider or its representatives.

2.3 “Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations, 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. special technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation, associated with that training.

2.4 “Ownership interest” means any equity or proprietary interest for which the fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person and includes a dividend, profit share or other benefit derived from that equity or ownership interest.

2.5 “Associate”:

- a) in relation to a natural person,
 - i) a person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person;
 - ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
 - iii) a parent or stepparent of that person;
 - iv) 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;
 - v) a person who is the spouse, life partner or civil union partner of a person referred to in (ii), (iii) and (iv); or
 - vi) a person who is in a commercial partnership with that person.
- b) in relation to a juristic person,
 - i) 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;
 - ii) which is a closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act;
 - iii) which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - had such first-mentioned juristic person been a company; or
 - in the case where that other person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company; or
 - iv) 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 Operational Risk Committee of such juristic person is accustomed to act.
- c) in relation to any person,
 - i) 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 Operational Risk Committee is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph; or
 - ii) includes any trust controlled or administered by that person.

3. Identifying, avoiding and resolving conflict of interest

- 3.1 All Staff are required to report any potential, actual or perceived Conflict of interest to the compliance department. The onus is on all Staff to comply with this policy. Should any individual be uncertain as to whether they are in a conflicted situation eg: whether the offer they wish to make or the offer which has been made to him/her, or whether a particular action or omission amounts to a Conflict of interest, then he/she should contact the compliance department immediately.
- 3.2 Senior management must, on an ongoing basis, identify any actual or potential Conflict of interest which may arise within his or her area. These must be reported to the compliance department. The compliance department maintains a Conflict of interest register which is reviewed periodically with senior management to determine whether conflicts already identified are still valid, whether the mitigation strategies in place operate effectively and whether there are any new or potential conflicts that may have arisen since the last review.
- 3.3 All directors and officers who attend board meetings or sub-committee meetings must regularly disclose their personal financial interest to the board regardless of whether such interest represents an actual or potential conflict with 27four's interest. The company secretary maintains a register of Conflict of interest disclosed at board and board committee meetings.
- 3.4 The compliance department will investigate any potential or actual Conflict of interest to determine whether such conflicts are conflicts as contemplated in the applicable legislation. The compliance department, in conjunction with senior management, will determine whether such Conflicts of interest are avoidable or unavoidable and agree on the controls that need to be put in place to manage the conflict.
- 3.5 If a Conflict of interest is identified as being avoidable, then 27four will adopt the necessary internal procedures to ensure that the activity that gives rise to the avoidable conflict, is avoided.
- 3.6 If a Conflict of Interest is identified as being unavoidable, the compliance department, in conjunction with senior management and the audit and risk committee, will establish a strategy to mitigate the risk of such Conflict of interest impacting negatively on 27four's ability to render fair and unbiased services to affected clients.
- 3.7 27four will disclose any specific Conflict of interest impacting a client to such impacted client, together with the mitigation strategy employed.
- 3.8 Compliance maintains records of all Conflict of interest identified and their resolution, including the persons involved and the controls used.
- 3.9 All gifts received from third parties, with an estimated value of R150 or more, are recorded in the gift register which is kept and maintained by the compliance department.
- 3.10 27four or its representatives may only receive or offer the following financial interest from or to a third party:
 - Commissions as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act.
 - Fees as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.
 - Fees for the rendering of financial services in respect of which the abovementioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.

- Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- An immaterial financial interest (i.e. a financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by – a provider who is a sole proprietor, or a representative for that representative’s direct benefit, or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives).
- A financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value.

3.11 27four may not offer any financial interest to a representative for:

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

4. Internal controls to mitigate conflict of interest

The following internal controls are in place to avoid and to mitigate potential Conflict of interest:

- 4.1 Ongoing training of employees so that employees understand the Conflict of interest Policy.
- 4.2 Business practices – maintain strict client confidentiality.
- 4.3 Information barriers - restrictive access control to IT folders, IT access control policy and “Clean Desk” policy.
- 4.4 Disclosure - clear and concise disclosure to enable the recipient to fully understand its relevance.
- 4.5 Personal Account Dealing Policy - separate policy.
- 4.6 Policy on Outside Business Interests – ongoing declaration as part of employment contract.
- 4.7 Gifts and Entertainment Policy – register maintained.
- 4.8 Whistle-Blowing Policy
- 4.9 Keep a record of how we reached a decision on what product to recommend.
- 4.10 Keep a record of why and how we made recommendations to customers about products

Specific instances of conflict may require management intervention in addition to the documented controls already in place. These can include escalation to the Board of Directors for a decision on how the conflict should be managed, if it cannot be avoided, for instance, by disclosure or declining to act.

5. Potential conflict of interest that could affect 27four

Potential Conflict of interest that could affect 27four include, but are not limited to:

- 5.1 Directorships or other employment;
- 5.2 Interests in business enterprises or professional practices;
- 5.3 Share ownership;

- 5.4 Beneficial interests in trusts;
- 5.5 Personal account trading;
- 5.6 Professional associations or relationships with other organisations;
- 5.7 Personal associations with other groups or organisations, or family relationships;
- 5.8 Front running;
- 5.9 Rebates;
- 5.10 Kickbacks; and
- 5.11 Commission.

6. Disclosure of conflict of interest

- 6.1 At the earliest reasonable opportunity, 27four and its representatives must, in writing, disclose to a client any Conflict of interest in respect of that client including –
 - 6.1.1 Measures taken to avoid or mitigate the conflict;
 - 6.1.2 Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - 6.1.3 The nature of the relationship or arrangements with a 3rd party that gives rise to a Conflict of interest in sufficient detail to enable the client to understand the exact nature of the Conflict of interest.
- 6.2 At the earliest reasonable opportunity, 27four and its representatives must, in writing, inform a client of the Conflict of interest Management Policy and how it may be accessed.

7. Consequences of non-compliance with the policy

In accordance with staff's obligation to act in the best interests of his or her employer, it is not permissible for staff to engage in conduct that would amount to a Conflict of interest with 27four. Non-compliance with this policy and the procedures described in it may be considered to be misconduct and a breach of the staff's employment contract and therefore the employee may be subject to disciplinary action that may lead to dismissal.

8. List of 27four's associates

- 27four Life Limited
- 27four Investment Managers (Pty) Ltd
- 27four Wealth (Pty) Limited
- Africa Collective Investments (RF) (Pty) Limited
- Legae Peresec (Pty) Limited

9. Ownership interest held in/by third parties

An ownership interest or any relationship with a third party can give rise to a Conflict of interest. No external 3rd- party owns an equity interest in 27four.

10. Responsibility

The Head of Compliance function is responsible for the maintenance and operation of this policy. This policy will be reviewed and approved on a periodic basis by the Group Audit, Risk & Remuneration Committee. The Head of Compliance function will maintain a record of all concerns/allegations raised as well as of the outcome of all actions taken. This will be done in such a manner as not to compromise confidentiality and to ensure compliance with the applicable legislative and policy requirements.

11. Appendices

11.1. Document Control

Version	Date	Author	Summary of changes
0.1	March 2018		Initial drafting
0.2	March 2019	Christine Pretorius	Converting to Group Policy