

# **CONFLICTS OF INTEREST POLICY**

## **OWNERSHIP**

This policy is owned by Innovation Group (Pty) Ltd, a duly authorised Financial Services Provider (FSP licence number: 21468) (referred to as the "FSP"). It sets out the mechanisms in place at Innovation Group to identify and manage the conflicts of interest to which Innovation Group is a party.

## **DEFINITIONS**

**Conflict of Interest:** Any situation in which a representative or provider or someone in a position of trust, has an actual or potential interest that may in providing a financial service to a client may influence the objective performance of his obligations to that client or which prevents a provider or representative from rendering an unbiased and faire financial service to that client or from acting in the interests of that client and includes a financial interest or an ownership interest or a relationship with a third party which can make it difficult to fulfil his or her duties impartially.

**Interested Person :** Any director, shareholder, member, trustee, partner, representative or employee of the FSP who has a direct or indirect financial interest as defined below.

**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 but excludes:

- An ownership interest
- 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;
- Specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

## **IDENTIFICATION OF CONFLICTS**

1. To adequately manage conflicts of interest Innovation Group must identify all relevant conflicts timeously.
2. In determining whether there is any conflict of interest to which the policy applies Innovation Group must determine whether Innovation Group or its representatives or its associates (see organogram included of associates included) is likely to make a financial gain from the transaction contemplated.
3. The following are acknowledged as prohibited financial interests from a product supplier, another financial services provider, an associate of a product supplier or a provider, a distribution channel and a person who in terms of an arrangement with a product supplier, provider, associate or distribution channel provides a financial interest and may present a conflict of interest:
  - Any cash payment;
  - Cash equivalent;
  - Vouchers
  - Gifts;
  - Service;
  - Advantage;
  - Benefit;
  - Discount;
  - Domestic or foreign travel;
  - Hospitality;
  - Accommodation;
  - Sponsorship;
  - Any other incentive or valuable consideration

The following are excluded from the above prohibitions:

- An ownership interest;

- Training on products and legal matters, general financial and industry information and specialised technological systems provided that it is available to all providers and representatives and not to a selected group of providers and representatives; however travel and accommodation associated with such training is prohibited;
- An immaterial financial interest which in aggregate does not exceed R1000 in any calendar year from the same provider, product supplier, associate

#### Permitted Financial Interests

Innovation Group may only receive the following financial interests from a product supplier, provider, associate:

- Commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
- Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act, if those fees are reasonably commensurate to a service being rendered;
- Fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph 1 and 2 is not paid, if those fees –
  - o Are specifically agreed to by a client in writing;
  - and
  - o May be stopped at the discretion of that 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;
- Subject to any other law, an immaterial financial interest; and
- A financial interest, not referred to under subparagraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

In addition to the above prohibitions, Innovation Group employs the following internal policies to manage and mitigate Conflicts of Interests, including

1. Declaration of Directors Interests Policy;
2. Gifts and Entertainment Policy;
3. Whistle Blowing Policy
4. Internal Audit Policy

## **CONFLICTS MANAGEMENT PROCESS**

The FSP must ensure that adequate arrangements are in place for the management of conflicts of interest that may arise wholly or partially, in relation to the provision of any financial services to clients by the FSP, or any Representative of the FSP, as part of the financial services business of the FSP.

All Interested Persons must disclose in writing to the Conflicts of Interest Committee on an on-going basis, any conflicts or potential conflicts of interest that they become aware of.

All disclosed conflicts of interest must be reviewed by the Conflicts of Interest Committee and any decision by such Conflicts of Interest Committee shall be documented.

Disclosed Conflicts of Interest must be dealt with in one of the following manners:

- Determine whether the disclosure does present a conflict of interest;
- If the disclosure is determined to be a conflict of interest, avoid the conflict and where this is not possible;
- Investigate alternatives to a proposed transaction, contract or arrangement that is the subject of a disclosed conflict of interest.
- After exercising due diligence the Conflicts of Interest Committee should determine whether the FSP can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, Conflicts of Interest Committee shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of the FSP and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.

## **DISCLOSURE REQUIREMENTS**

The FSP should make appropriate disclosures to third parties including clients, as part of its arrangement to manage conflicts of interest. It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest. The FSP is therefore committed to ensure that clients are adequately informed about any conflicts of interest that may affect the provision of financial services to them.

It is therefore stated that disclosure about conflicts of interest should always:

- a) be timely, prominent, specific and meaningful to the client;
- b) occur before or when the financial service is provided, but in any case at a time that allows the client a reasonable time to assess its effect; and
- c) refer to the specific service to which the conflict relates.

It is furthermore acknowledged that:

- whilst a clearly identified conflict of interest will not necessarily cause the provision of financial advice to a client to be significantly compromised, it should nonetheless be disclosed to the client. The client must be afforded the opportunity to decide for him/herself whether the conflict of interest is significant and to what extent he/she will rely on the advice; and
- remuneration practices that place the interests of the FSP or its representatives in direct and significant conflict with those of the FSP's clients, should be avoided, and not merely disclosed.

## **VIOLATION OF THE CONFLICTS OF INTEREST POLICY**

If there is reason to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, the Conflicts of Interest Committee shall afford that person the opportunity to explain the alleged failure to disclose.

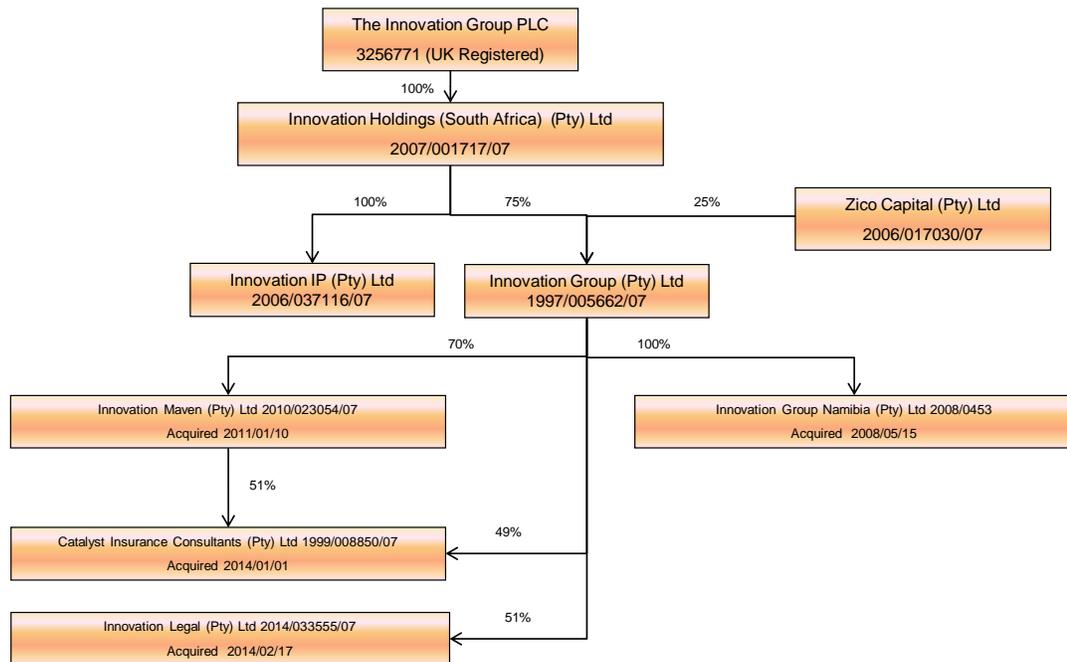
If after hearing the response of the Interested Person and making such further enquiries as may be warranted in the circumstances, the Conflicts of Interest Committee determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **REVIEW OF THE CONFLICTS OF INTEREST POLICY**

This policy will be -

- regularly reviewed, internally or by a outside party such as an auditor or compliance officer, and where necessary, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest; and
- overseen by the Conflicts of Interest Committee who carry responsibility for the implementation, reviewing and updating process.

## **ASSOCIATES OF INNOVATION GROUP**



Active

