



# PET UNDERWRITING MANAGEMENT AGENCY CONFLICT OF INTEREST POLICY

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# 1. Policy Statement

We, (Pet Underwriting Management Agency (Pty) Ltd), recognize the importance of operating in an open and transparent manner in all aspects of the operations of the business. We assess each business relationship at inception and review our relationships on a regular basis.

Whilst the legislative requirements may be the foundation for our policy is far more practical in its application and takes basic business ethics as its overall primary standard and objective.

The Board of directors take this policy as a statement that binds the ethics of the company.

All our employees, contractors, suppliers and any other persons acting on behalf of the organisation are required to familiarise themselves with the policy's requirements and undertake to comply with the stated processes and procedures.

(Pet Underwriting Management Agency (Pty) Ltd), is licensed with the FSCA as an FSP with licence number 44387 hereafter referred to as the Company.

The Company is obligated by The FSCA to render unbiased and fair financial services to clients.

Accordingly all employees, contractors and/or suppliers of the Company who are involved in the business of the Company are obliged to conduct themselves in a professional manner and in line with this Policy and take all reasonable steps to avoid any business activities and/or practices that may create Conflicts of Interest between the Company and Employee interests, and the interest of Clients.

In the event that it is not possible to avoid a Conflict of Interest, the Company will in good faith declare actual and potential conflicts of interest to Clients and take all reasonable steps to mitigate the impact.

In considering potential Conflicts of Interest, the Company considers: the structure and business activities of the Company; and / or any proposed new business activities of the Company.

# 2. Purpose of the Policy

2.1 In terms of Section 3A(2) (a) of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003 (General Code of Conduct) promulgated under the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) every Financial Services Provider (FSP) must adopt, maintain and implement a conflict of interest management policy.

2.2 In terms of the General Code of Conduct a provider and a representative must avoid, and where this is not possible, mitigate any conflict of interest between the provider and a client, or a representative of the provider and his, her or its clients.

***The purpose of the Conflict of Interest Management Policy is therefore to:***

- establish internal controls and mechanisms towards the identification of conflicts of interest
- establish measures to avoid conflicts of interest, and where avoidance is not possible, to provide the reasons therefore
- establish measures to ensure that any unavoidable conflicts of interest are mitigated

- establish measures to ensure the proper disclosure of any conflicts of interest
- establish processes, procedures and internal controls to facilitate compliance
- communicate the consequences of non-compliance with the policy
- assist employees in making the right decisions when confronted with potential Conflict of Interest issues

### 3. Identification of Conflict of interest

3.1 The Company employs the following mechanisms to ensure that all conflicts are identified:

- Before a new business arrangement is concluded, consideration is given to whether the proposed arrangement will present any potential Conflict of Interest.
- The Managing Director and Financial Director sign off all agreements which have been pre- vetted or prepared by Compliance.
- Monitoring for performance on an ongoing basis is performed by Compliance in conjunction with the Operations Heads to which such contract pertains to ensure that these contracts and relationships influence The Company's: –
  - objective performance towards its clients
  - ability to render fair and unbiased financial services toward its clients; and
  - ability to act in the best interest of the client.
- All Employees, including Representatives, are responsible for identifying instances of Conflict of Interest and are required to notify their Manager and/or the Financial Director of any conflicts they become aware of.

3.2 Further guidance on identifying a conflict of interest;

The definition of a Conflict of Interest incorporates the following terminology:  
 influence the "objective performance" of his, her or its obligations to that client....  
 prevent a provider or representative from rendering an "unbiased and fair financial service" to that client....  
 including but not limited to a "financial interest"

It is generally understood that the word "objective" refers to a situation where an individual's personal feelings or opinions are completely removed from the equation. The "objective performance" of an FSP or representative's obligations therefore implies a situation where financial services are rendered without any untoward influences.

The word "bias" or "biased" is understood to mean a form of prejudice towards a particular person or viewpoint, whereas the word "fair" or "fairness" indicates a situation of just circumstances or being treated on an equal footing.

An unbiased financial service therefore implies a financial service that does not lend itself to a particular persuasion, where no reasonable justification for such persuasion can be found. Similarly, a fair financial service implies a situation where the same conclusion or outcome will consistently present itself given the exact same set of circumstances.

Subject to section 3A(1)(c) of the General Code of Conduct, the FSP and its representatives may only receive or offer the following "financial interest" from or to a "third party":

- commission authorised under the Short-term Insurance Act
- fees authorised under the Short-term Insurance Act, if those fees are reasonably commensurate to a service being rendered and authorised

- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees: are specifically agreed to by a client in writing; and
- may be discontinued 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

Any immaterial financial interest as defined in the General Code of Conduct as issued under the FAIS Act; and

Any other financial interest, for which consideration that is reasonably commensurate with the value of the financial interest, is paid by The Company or a Representative at the time of receipt thereof.

The Company has various internal policies to manage and mitigate Conflicts of interest.

These internal policies govern the ethical conduct of Responsible Persons and Employees in the following manner:

Code of Ethics: Ethical conduct for Responsible Persons, Representatives and other Employees:

The Code of Ethics is to be accepted and signed by all Responsible Persons and Employees of The Company upon engagement;

- Employees and Responsible Persons must maintain integrity in their dealings with customers and suppliers;
- Employees and Responsible Persons must avoid any activities that may lead to an actual perceived Conflict of Interest within the business of the Company;
- In accepting business or entering contracts, Responsible Persons must observe the highest standards of integrity and act in the best interests of the company and the customer;
- Employees and Responsible Persons may neither support nor solicit loans, gifts in cash or in kind, free-of-charge services or any other favours from any current or prospective business partner;
- Employees and Responsible Persons must not deliberately give inadequate or misleading descriptions of products, services; and
- Employees and Responsible Persons must maintain the confidentiality of information received from insurers, customers, suppliers and intermediaries.

**List of Associates of The Company**

A list of Associates is available on request at the registered office of The Company.

**Third parties in which The Company holds an ownership interest**

## 4. Avoiding and Mitigating Conflict of Interest

Once an actual or potential conflict of interest has been identified, the following procedures will be followed in order to determine whether the conflict of interest is avoidable:

- All information that's led up to and resulting in or causing the actual or potential conflict of interest will be disclosed to the FSP's Financial Director and KI and a decision will be made on how to deal with the situation.
- Company employee should avoid engaging in activities which will result in a Conflict of Interest. One must not use improper means to, for example, obtain business from a particular client.
- If Company employees realise that there is a potential or actual Conflict of Interest, the employee must, timeously and fully disclose any such potential or actual existence of a conflict to the Company by reporting same to their immediate superior. This will enable the Company to decide whether or not to engage with the employee/transgressor in question.
- Company employees who are faced by a Conflict of Interest situation which is unavoidable, must ensure that the necessary disclosures are made to the client.
- Where the FSP has determined that the actual or potential conflict of interest is unavoidable, the following processes will be followed:
  - The management of the FSP will convene and determine the measures that will be implemented in order to mitigate the actual or potential conflict of interest as far as reasonably possible
  - Any measures implemented towards mitigating the actual or potential conflicts of interest will include the following arrangements:
    - The status of whether the actual or potential conflicts of interest's is still deemed to be unavoidable shall be reassessed on a continuous basis
    - Where a previously deemed unavoidable actual or potential conflicts of interest is subsequently deemed to be avoidable, such actual or potential conflict of interest shall immediately be avoided
    - When rendering a financial service, a representative shall be required to disclose to the client in writing that an actual or potential conflict of interest exist
    - The FSP and/or the FSP's compliance officer shall report on the status of the actual or potential conflict of interest in the FSP's compliance report to be submitted to the Financial Sector Conduct Authority

## 5. Compliance Measures

The measures implemented towards ensuring the FSP's continued compliance with the Conflict of Interest Management Policy rests with the governing body of the FSP. The FSP's appointed Compliance Officer and the Human Resources (HR) Department will monitor the FSP's continued compliance with the policy on an ongoing basis.

The FSP has adopted the following internal controls and processes:

- The Compliance Department shall be responsible for the training of all employees within the Company on this Conflict of Interest Policy. The relevant legislative provisions will be highlighted during training.

- The Compliance department shall ensure that all Conflict of Interest declarations are signed by relevant personnel on an annual basis.
- The Human Resources (HR) Department of the FSP shall continue to maintain a Gift Register and shall ensure that all gifts received from a third party with an estimated value of R1000 or more are recorded in the FSP's Gift Register.
- 
- The Conflict of Interest Policy shall be regularly reviewed by the appointed Compliance Officer, and where necessary, updated to ensure that the measures contained herein remains effective
- The Compliance Department FSP shall publish its Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.
- The Compliance Department is also accountable for the monitoring and reporting of non-compliance with this Policy.
- All relevant staff (Key Individuals and Representatives) are required to immediately disclose in writing to the governing body of the FSP and the FSP's Compliance Officer, any actual or potential conflicts of interest as soon as they become aware of such situation.
- The compliance team of the FSP conducts annual reviews on all contracts held with third parties in order to assess whether the contractual relationship in any way influences the FSP's ability to render fair and unbiased financial services towards its clients
- A list of all third parties in which the FSP holds an ownership interest is available from Compliance Team. The list is reviewed on an annual basis

## **6. Consequences of Non-Compliance**

Where there is reason to believe that an employee or representative has failed to disclose an actual or potential conflict of interest via the proper communication channels, the FSP will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by the FSP, its clients or any other third party.

Where an investigation concludes that an employee or representative of the FSP has indeed failed to disclose an actual or potential conflict of interest, the FSP shall immediately take appropriate disciplinary steps and corrective actions against such employee or representative.

Any failure by an employee to comply with the Conflict of Interest Management Policy will be considered serious form of misconduct and a dismissible offence.



## 7. Definitions

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:  
influence the objective performance of his/her or its obligations to that client; or

prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client,  
including but not limited to:

- a financial interest;
- an ownership interest;
- 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:

Immaterial Financial Interest means

any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 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;
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

Ownership Interest means

any equity or proprietary interest, for which 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 any dividend, profit share or similar benefit derived from that equity or ownership interest.

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

Associate means

- a person who is recognised in law or the tenets of religion as the spouse, life partner, or
- civil union partner of that person

- a child of that person, including a stepchild, adopted child and a child born out of wedlock
- a parent or stepparent of that person
- 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
- a person who is a spouse, life partner or civil union partner of a person referred to above
- a person who is in a commercial partnership with that person

Distribution Channel means

any arrangement between a product supplier of any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client

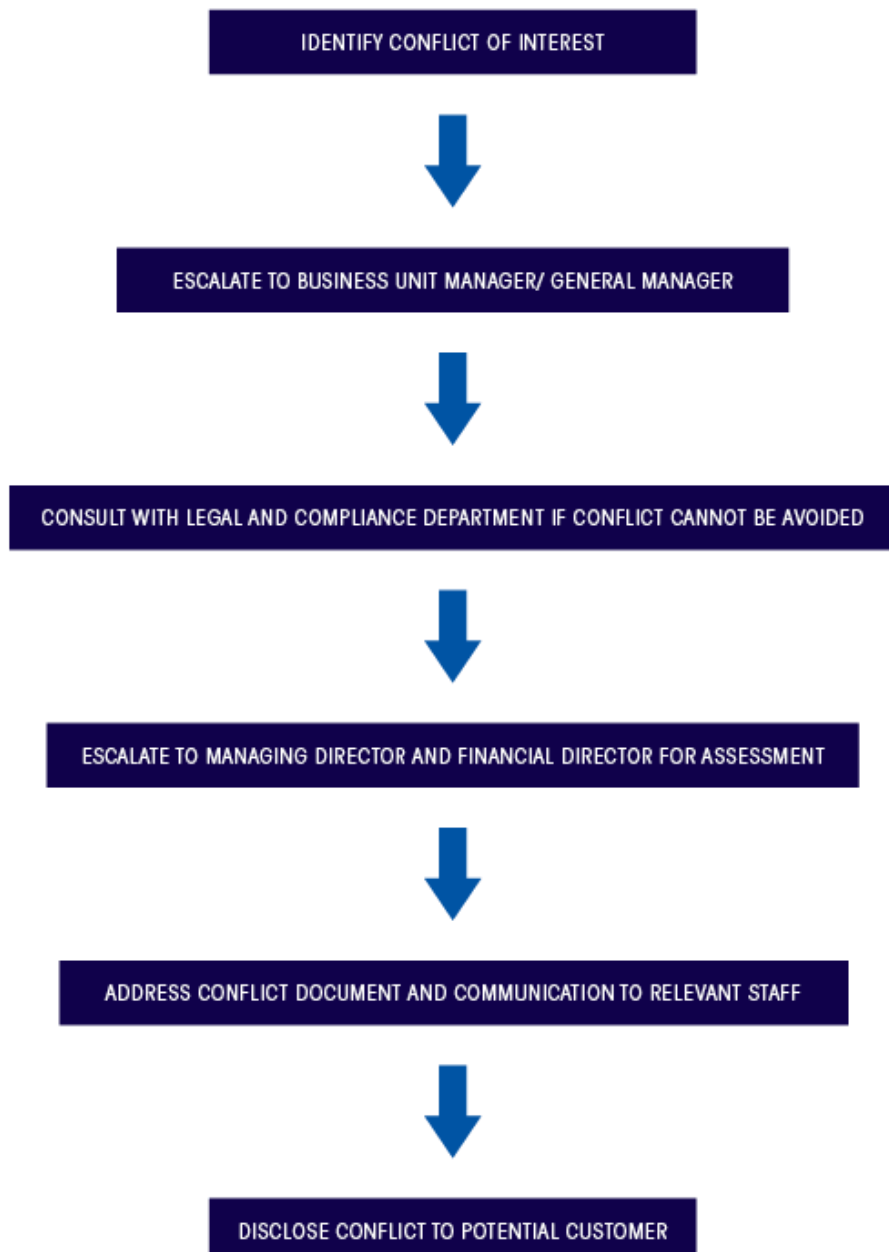
any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier

any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and product supplier

## **8. Review of Policy**

This policy shall be reviewed annually by Compliance or as and when material changes occur.

## Annexure A



**Annexure B**

**Conflict of Interest Management Policy**

Do you or any member of your family have any direct financial interest in any Third party entity?

- Yes, please explain  No


Do you or any member of your family have any direct financial interest in any connected or external Service provider of or to the Group?

- Yes, please explain  No


Do you or any member of your family have any direct financial interest in any external Supplier of any nature whatsoever?

- Yes, please explain  No


Are you (indirectly) or any member of your family (directly or indirectly) employed by any Third party entity?

- Yes, please explain  No


Are you or any member of your family employed by any Service provider?

- Yes, please explain  No


Are you or any member of your family employed by any Supplier?

Yes, please explain

No


Do you have any other employment?

Yes, please explain

No


Are you or any member of your family a director of any Third party?

Yes, please explain

No


Are you or any member of your family a director of any Service provider?

Yes, please explain

No


Are you or any member of your family a director of any Supplier?

Yes, please explain

No


Have you or any member of your family received any financial interest from any Third party within the past 12 months?

Yes, please explain

No


Have you or any member of your family received any financial interest from any Service provider within the past 12 months? This answer must include detail that may have been declared in terms of the Group's policy relating to Gifts and the Gifts Register.

Yes, please explain

No


Have you or any member of your family received any financial interest from any Supplier within the past 12 months?

Yes, please explain

No


Have you or any member of your family a current debtor - creditor relationship with any Third Party?

Yes, please explain

No


Have you or any member of your family have a current debtor and/or creditor relationship with any Service provider?

Yes, please explain

No


Is there any other information which you deem relevant or which needs explanation or declaration?

Yes, please explain

No


Are you (indirectly) or any member of your family (directly or indirectly) employed by the same entity?

Yes, please explain

No


\_\_\_\_\_  
Full Name and Surname

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Signed: