



SIMEKA

member of  Sanlam group

Simeka FAIS Conflict of Interest Management Policy

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Authorised Financial Services Provider

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1. Executive Summary

The objective of this Policy is to provide a framework within which to address areas where conflict of interest may arise. It establishes broad, high-level principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Sanlam Group Code of Ethical Conduct. This Policy furthermore specifically addresses the requirements of the FAIS Act and its associated regulations and applies only to those businesses subject to the provisions of the FAIS Act.

This Policy aims to promote transparency and fairness in the interest of consumers, employees, providers, as well as Simeka Consultants and Actuaries (Simeka) and Sanlam.

The Policy defines how conflicts of interest are to be managed by businesses in Simeka, that is, to identify potential conflicts, to avoid conflicts where possible and the manner in which to disclose.

The Policy also sets out processes and procedures that must be adopted to ensure compliance and highlights the consequences of non-compliance.

2. Definitions

2.1 “Associate”

- a) in relation to a natural person, means:
- (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 subparagraphs (ii) to (iv);
 - (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 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;
 - (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), 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 juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
 - (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 governing body 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 governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
 - (ii) includes any trust controlled or administered by that person.

2.2 “COI” means Conflict of Interest.

2.3 “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:

- a) influence the objective performance of their obligations towards such client; or

- b) 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:
 - (i) a financial interest;
 - (ii) an ownership interest;
 - (iii) any relationship with a third party.

2.4 “Employee”, for the purpose of this policy, will include:

- a) All directors and full-time employees of any associate of Sanlam Limited;
- b) All temporary contracted employees;
- c) All employed representatives including independent financial advisors and tied agents.

2.5 “Exco” means the Sanlam Limited Executive Committee.

2.6 “FAIS” means the Financial Advisory and Intermediary Services Act, No. 37 of 2002.

2.7 “Fair value” means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973).

2.8 “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:

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

2.9 “FSCA” means Financial Sector Conduct Authority

2.10 “Financial Service” means any service contemplated in paragraph (a), (b) or (c) of the definition of ‘financial services provider’, including any category of such services.

2.11 “Financial Services Provider” means any person, other than a representative, who as a regular feature of the business of such person:

- a) furnishes advice; or
- b) furnishes advice and renders any intermediary service; or
- c) renders an intermediary service

2.12 “FSP” means a Financial Services Provider.

2.13 “Group COI Policy” means the FAIS COI Policy for the Sanlam Group.

2.14 “GCO” means the Sanlam Group Compliance Office.

2.15 “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) a provider who is a sole proprietor; or
- b) a representative for that representative’s direct benefit;

- c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

2.16 “Ownership Interest” means:

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

2.17 “Provider” means an authorised FSP registered as such with the FSCA.

2.18 “Representative” means any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service:

- a) does not require judgment on the part of the latter person; or
- b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

2.19 “Sanlam” means the Sanlam Group inclusive of its associates as defined in 1.1 above, and includes references to Sanlam Limited, Sanlam Life Insurance Limited and any other entity, legal or operational, reflected as a subsidiary or a Sanlam business in the organizational chart of the Sanlam Group as updated from time to time.

2.20 “SGFCCP” means the Sanlam Group Financial Crime Combating Policy.

2.21 “The Code of Ethical Conduct” means the Sanlam Group Code of Ethical Conduct.

2.22 “Third party” means:

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

2.23 “Treating Customers Fairly” (“TCF”) means the overarching program initiated by the Regulator of Financial Services Providers (and the Outcomes defined in terms thereof). The words and phrases in this paragraph will have the following meanings when used in this policy:

3. Introduction

Simeka adopted the Sanlam Group FAIS Conflict of Interest Policy (June 2019 V2, published 7 July 2020 and subsequent versions thereof) and this Policy will be reviewed and maintained in accordance.

Simeka is committed to ensuring that all business is conducted in accordance within the standards of good corporate governance.

Accordingly, the manner in which Simeka conducts business is based on integrity and ethical and equitable behaviour.

This Policy aims to emphasise the interests of all stakeholders by minimising and managing all actual or potential conflicts of interest.

4. Objective

Various regulatory measures that have been developed to protect the interests of consumers, including the FAIS General Code of Conduct and the Financial Institutions (Protection of Funds) Act (No. 28 of 2001) which is directed towards, inter alia:

- the duties of persons dealing with the funds of clients and financial institutions;
- observing the utmost good faith and exercising proper care and diligence with regard to the funds of such clients and institutions; and
- ensuring a consistent manner of dealing with conflicts of interest and the disclosure thereof.

One of the consequences of implementing this legislation is that consumers will be exposed to fewer conflicts of interest and where such conflicts have been identified, (but could not be avoided) these would be effectively managed, and adequate disclosure would have been made.

The objective of this Policy is to provide a framework within which to address areas where conflicts of interest may arise, and align with the principles of Treating Customers Fairly (TCF) (and the responsibilities that are placed on Simeka). It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Code of Ethical Conduct applicable to Simeka as well as other regulatory measures (e.g. the FAIS Act and TCF outcomes).

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interest of consumers, employees, providers and Simeka.

5. Policy Statement

The Group COI policy sets the high-level standards for Sanlam Group. Simeka has formulated, document and implemented detailed measures to proactively ensure compliance with these standards, having due regard for the specific business environment within which Simeka operates.

No person or Sanlam business may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Group COI policy directly or via an associate or an arrangement involving an associate.

This policy is related to and must be read with the Code of Ethical Conduct, the SGFCCP, the Sanlam Corporate Gratifications Policy, which is aligned with the Sanlam Group Policy on the Giving and Receipt of Gratifications and the Sanlam Group FAIS Conflict of Interest Policy.

This policy applies to all employees, third parties where applicable and, associates as defined.

6. Dealing with conflicts of interest

In order to ensure compliance with the standards contained in this policy, Simeka should adhere to the following:

6.1 Avoidance of Conflicts of Interest

- 6.1.1** Once an actual or potential conflict of interest has been identified, steps must be taken (wherever possible), to avoid such a conflict.
- 6.1.2** Should such avoidance not be possible, steps must be taken to mitigate and adequately manage such an actual or potential conflict of interest and the conflict must be disclosed to all impacted parties.

6.2 Managing Conflicts of Interest

6.2.1 Simeka and its employees may only receive or offer the following financial interest from or to a third party:

- a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998), the Short-term Insurance Act (No. 53 of 1998) or the Medical Schemes Act (No. 131 of 1998).
Commission is strictly monetary amounts paid to a provider, designated as such and determined on a basis specified prior to payment.
- b) Fees authorised in terms of the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered;
- c) Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (a) or (b) above is not paid, if those fees:
 - are specifically agreed to by a client in writing; and
 - may be stopped at the discretion of the client.
- d) 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;
- e) Subject to other legislation, an immaterial financial interest;
- f) A financial interest not referred to in paragraphs (a) to (e) above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by Simeka or its representatives at the time of receipt thereof.
- g) A distinction should be drawn between tools and services provided to a provider that are:
 - essential in enabling the provider to prepare, submit and finalise any business transaction in accordance with Simeka's business requirements;
 - not essential, but which offers value to the provider in terms of enhancing/supplementing the provider's interaction with clients;
 - and those that are regarded as other services.

- (h) Services that are essential in enabling the provider to prepare, submit and/or finalise Simeka transaction documentation may be offered unless it would influence the provider in the objective performance of its functions or in the rendering of an unbiased service.
- (i) Services that are not essential in enabling the provider to do business with Simeka, but which offers the provider value in terms of enhancing or supplementing the provider's interaction with clients may be provided if there is clear proof of benefiting the client and there is no conflict of interest.
- (j) Services that do not form part of those described in (h) or (i) above should be charged for.

6.2.2 Simeka shall only provide bona fide training to providers on:

- a) Products or legal matters relating to those products;
- b) General financial and industry information;
- c) Specialised technological systems of a third party necessary for the rendering of a financial service;

Simeka may provide reasonable costs directly related to the training provided, such as venue costs, speaker fees and meals. The reasonable costs associated with providing meals and refreshments should not be regarded as part of immaterial financial interests, and should accordingly not be recorded.

Simeka may not provide for the travel and accommodation associated with the training and may not offer the training to an exclusive group of FSPs only.

Other forms of training not mentioned in (a) – (c) above, may be provided subject to a consideration or remuneration (based on fair value) being paid for the training so provided to FSPs (or their representatives) receiving the training.

6.2.3 Simeka shall not offer any financial interest to its representatives for:

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

6.3 Disclosure of Conflict of Interest

6.3.1 Simeka and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client.

6.3.2 The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to:

- a) Informing the client of the existence of a Sanlam Group and Simeka specific FAIS COI policy and how same may be accessed.
- b) The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
- c) Any ownership interest or financial interest, other than an immaterial financial interest, that Simeka or its employees may become eligible for; and
- d) The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict should be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction.

7. Processes and Procedures to ensure compliance

- 7.1** Simeka, a licensed FSP and a business entity within the Sanlam Group adopts this policy as the standard according to which it shall conduct its business in relation to the identification, avoidance and managing conflicts of interest.
- 7.2** Simeka's Management is responsible for managing (and updating) the Simeka's COI policy. The Compliance Officer will provide guidance to Simeka Management thereon (including the pre-clearance of business processes that potentially may cause a conflict of interest).
- 7.3** Disclosures in respect of conflicts of interest must be disclosed and recorded at business level in a manner prescribed by the business. The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a COI and ensure that proper disclosure is made in respect thereof;
- 7.4** All employees are responsible for identifying specific instances of conflicts of interest and are required to notify the Cluster Compliance Officer of any conflicts of interest they become aware of. The Simeka Finance & Risk Committee will escalate the conflict as relevant with a recommendation as to how the conflict of interest should be managed (if it cannot be avoided);
- 7.5** Detailed documented measures to identify, avoid, mitigate and disclose conflicts of interest include must be formulated and implemented by Simeka and shall provide for the following:
 - a) A mechanism for the identification of conflicts of interest;
 - b) The implementation of measures to avoid conflicts of interest and where avoidance is not possible. Cogent reasons should be provided therefore together with the measures taken to mitigate such conflict of interest;
 - c) A process to enable the disclosure and recording of all actual or potential conflicts of interest identified as well as their resolution, including expenses relating to immaterial financial interests;
 - d) The creation of a central business register for the recording of conflicts of interest, including the persons involved and the controls implemented has been created.
 - e) The manner in which each disclosed conflict will be assessed, including whether the conflict is actual or potential, what the value of the conflict or exposure is and the potential reputational risk;

- f) Measures will be implemented to ensure continuous monitoring of compliance to the Simeka COI Policy.
- g) Where monitoring has identified non-compliance with the Simeka COI policy, the compliance risk should be assessed and escalated to the Simeka Managing Director and Cluster Compliance Officer with a recommendation as to the measures that will be taken to mitigate the compliance risk; and
- h) Specific instances of conflicts of interest may require management intervention in addition to the documented controls already in place. This may include escalation to the Simeka Managing Director for a decision on how the conflict should be managed, for example, disclosure to the client or declining to act.

7.6 The Simeka FAIS COI policy must include:

- (a) a list of all its associates; and
- (b) a list of any third parties in which the FSP holds an ownership interest, together with the nature and extent thereof; and
- (c) a list of any third parties that holds an ownership interest in the FSP, together with the nature and extent thereof.

7.7 Simeka as a FSP with the FSCA are required to submit a report to the Registrar in terms of the FAIS Act. This report must include. Inter alia, details with regard to the implementation, monitoring and compliance with the Sanlam Group COI Policy as well as the accessibility thereof.

7.8 All employment contracts must include the necessary termination and/or sanctions clauses to manage the risk of an actual or potential conflicts of interest situations created by employee acts or omissions;

7.9 Disciplinary procedures in Simeka must provide for the review of any breach by employees and determine appropriate sanctions;

7.10 If employees are of the view that their own conduct has caused this policy to be breached, they must inform their manager and Key Individual at the earliest available opportunity after they have become aware of the breach. Management must report this breach to the Cluster Compliance Officer for further investigation;

7.11 When employees reasonably suspect that a co-worker or contractor is in breach of this policy, they must report it as soon as possible and in the strictest of confidence, to their line manager or the Cluster Compliance Officer for further investigation.

8. Accessibility of Policy

This Policy document will be made available on the Simeka internet to ensure that it is easily accessible by employees, clients and third parties at all reasonable times.

9. Training and awareness

Simeka must implement appropriate training and awareness interventions for all employees at least once per annum.

Training will be included in the induction program for all newly recruited employees.

Training and training materials provided to representatives must include a reference to, and information on the content and application of this Policy.

10. Consequences of non-compliance

10.1 The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act is an amount of up to R1 million or a period of imprisonment for up to 10 years.

10.2 The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.

10.3 The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.

10.4 Employees' failure to provide disclosures will be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of the disciplinary procedures.

10.5 Certain transgressions of this Policy may result in civil or criminal prosecution. Please refer to the SGFCCP in this regard.

10.6 All potential transgressions of this Policy must be investigated fairly and objectively and be reported by the Simeka Compliance to Manco for a decision.

11. Revision

This Policy document will be reviewed on an annual basis, taking into account the Sanlam Group FAIS Conflict of Interest Policy, and submitted to Manco and Simeka Board for evaluation and amendment, where necessary.

Annexure A

List of third parties that holds an ownership interest in Simeka

Product Supplier	Nature of ownership interest e.g. equity or proprietary interests or holdings	Extent of ownership interest	Relevant Associates	Agreements / arrangements where a financial interest is provided to a provider or its representative
Sanlam Life Insurance Limited	Shareholding	100%		
Product Provider				
None				
Distribution Channel Arrangements			N/A	
None				

List of third parties in which Simeka holds an ownership interest

Product Supplier	Nature of ownership interest e.g. equity or proprietary interests or holdings	Extent of ownership interest	Relevant Associates	Agreements / arrangements where a financial interest is provided to a provider or its representative
None				
Product Provider				
None				
Distribution Channel Arrangements				
None				