

Conflict of Interest Management Policy for

Glacier Financial Solutions (FSP 770)
Glacier Advisory Services (FSP 43833)
Glacier International Advisory Services (FSP 44218)



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EXECUTIVE SUMMARY

The objective of the Glacier Financial Solutions (Pty) Ltd (GLACIER) Conflict of Interest (COI) Policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the requirements of the Financial Advisory and Intermediary Services Act (FAIS), and its subordinate legislation, including the FAIS general code of conduct and the Sanlam Code of Ethical Conduct.

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interests of all relevant stakeholders, including: consumers, employees, service providers and Glacier.

The policy defines how conflicts of interest are to be managed, that is mechanisms for the identification of COI, measures for avoidance of COI and where not possible, reasons and measures for mitigation and disclosure of COI.

The policy also sets out processes, procedures and internal controls to ensure compliance and highlights the consequences on non-compliance.

1. DEFINITIONS

1.1 “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-
 - (aa) had such first-mentioned juristic person been a company; or
 - (bb) 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.

1.2 **“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 –
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

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

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

1.4 **“Exco”** means the GLACIER Executive Committee.

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

1.6 **“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).

1.7 **“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.

1.8 **“FSP”** means a Financial Services Provider.

1.9 **“Financial service 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.

1.10 **“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;

1.11 **“Group COI Policy”** means the Conflicts of Interest Management Policy for the Sanlam Group.

1.12 **“GCO”** means the Sanlam Group Compliance Office.

1.13 **“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;

1.14 **“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;

1.15 “**Provider**” means an authorised FSP registered as such with the FSB.

1.16 “**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;

1.17 “**Sanlam**” means the Sanlam Group collectively together with its associates 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.

1.18 “**GLACIER**” refers to Glacier Financial Solutions (Pty) Ltd (FSP 770).

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

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

1.18 “**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.

NOTE

Please refer to the Glacier and Sanlam websites for information about associates. These are set out under the company structure reflecting the organisational and ownership structure, which GLACIER forms part of. Please note that there are no third parties in which GLACIER holds an ownership interest nor are there any third parties that hold an ownership interest in GLACIER.

2. INTRODUCTION

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

Accordingly, the manner in which GLACIER 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.

The Financial Services Board has implemented changes to the FAIS general code of conduct as part of broader efforts to ensure the protection of consumers and to address concerns regarding conflicts of interest between financial services providers, representatives and clients. This will severely impact the practice of incentives that financial services providers have typically used to reward both tied and independent financial advisers for achieving sales objectives.

3. OBJECTIVE

The objective of the GLACIER COI Policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the requirements of the FAIS Act, and its subordinate legislation, including the FAIS general code of conduct and the Sanlam Code of Ethical Conduct.

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interests of all relevant stakeholders, including: consumers, employees, service providers and Glacier.

The policy defines how conflicts of interest are to be managed, that is mechanisms for the identification of COI, measures for avoidance of COI and where not possible, reasons and measures for mitigation and disclosure of COI.

The policy also sets out processes, procedures and internal controls to ensure compliance and highlights the consequences on non-compliance.

4. POLICY STATEMENT

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

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

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

5. MANAGING THE RISK OF CONFLICTS OF INTEREST DEVELOPING

Once a potential or actual conflict of interest has been identified, it must be appropriately and adequately managed.

5.1 MECHANISMS FOR THE IDENTIFICATION OF CONFLICTS OF INTEREST

5.1.1. GLACIER and its employees may only receive from or offer the following financial interest to a third party. The financial interest includes but is not limited to –

- 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 the provider or its representatives at the time of receipt thereof.
- g) Sales tools or services (electronic or otherwise) that GLACIER wishes to provide to a financial services provider (provider), on condition that the tools and services provided to a provider are:
- essential in enabling the provider to prepare, submit and finalise any business transaction in accordance with GLACIER's business requirements;
 - not essential, but offers value to the provider in terms of enhancing/supplement the provider's interaction with clients; and
 - regarded as other services.

GLACIER ICE

Even though the capital expenditure for the purchase of the Glacier Ice tool is regarded as sunk costs from an accounting perspective, Glacier's costs to maintain the tool amount to R600 000 per annum. This translates to R20.83 per Broker per month. As this amount is considered to be immaterial, R250 per annum will be recorded against each user of Glacier Ice as immaterial financial interest spend by Glacier.

(Refer also to the decision framework in Annexure A & B)

- h) Services that are essential in enabling the provider to prepare, submit and/or finalise GLACIER transaction documentation, may be offered unless it would influence the provider in the objective performance of its functions or prevent the provider from rendering unbiased service.

(Refer also to the decision framework in Annexure A)

- i) Services that are not essential in enabling the provider to do business with GLACIER, 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 it does not create a conflict of interest.

(Refer also to the decision framework in Annexure B)

- j) Services that do not form part of those described in (h) or (i) above may be made available to a provider at a fair market value.

5.1.2. GLACIER shall only provide bona fide training to providers on:

- a) Products or legal matters relating to those products;
- b) General financial and industry information; and
- c) Specialised technological systems of a third party necessary for the rendering of a financial service. This would include GLACIER sales and administrative processes aimed at enabling other FSP's to do business with GLACIER.

GLACIER 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 need not be recorded.

GLACIER or its associates 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.

5.1.3. GLACIER 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.

5.2 AVOIDANCE OF CONFLICTS OF INTEREST

5.2.1 Once an actual or potential conflict of interest has been identified, steps must be taken to (wherever possible) to avoid such a conflict. Should such avoidance not be possible, steps must be taken to mitigate such an actual or potential conflicts of interest and the existence thereof must be disclosed to all impacted parties.

5.2.2 Glacier offers aggressive fee scales to certain financial intermediaries' clients. The financial intermediary receives no financial benefit but the clients of these brokers will pay a fee that is below Glacier's normal initial administration fee. Usually clients of these qualifying intermediaries require less "servicing." The offering of different administration fee scales to clients of selected brokers is a normal industry practice.

To mitigate the contention that the qualification for aggressive fee scales might be regarded as compensation or rewarding the financial intermediary for inflows which could fall foul of the conflicts of interest legislation, Glacier has determined objective criteria to support the offering of aggressive fees. A document setting out the criteria is attached hereto as Annexure D.

5.3 DISCLOSURE OF CONFLICTS OF INTEREST

5.3.1 GLACIER staff must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client (and all other impacted parties).

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

- a) The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
- b) Any ownership interest or financial interest, other than an immaterial financial interest, that GLACIER or its employees may become eligible for;
- c) 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 must be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction; and
- d) Informing the client of the existence of a GLACIER COI policy and how this document may be accessed.

6. PROCESSES AND PROCEDURES TO ENSURE COMPLIANCE

6.1. GLACIER (as a business entity within the Sanlam Group) adopts this policy as the standard according to which businesses conducting business in terms of the GLACIER Financial Services Provider licence (FSP 770) shall conduct business in relation to the identification, avoidance and management of conflicts of interest.

6.2. The Compliance Officer of GLACIER is responsible for maintaining the GLACIER COI policy.

6.3. The Compliance Officer will provide guidance to GLACIER management and staff on the implementation of the policy including the provision of advice in respect of business processes that could potentially result in or be construed as a conflict of interest.

6.4. The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if this is possible, to take effective steps to mitigate such a COI and ensure that proper disclosure is made in respect thereof;

6.5. All employees are responsible for identifying specific instances of conflicts of interest and are required to notify the Compliance Officer of any conflicts of interest they become aware of. The Compliance Officer will escalate the conflict of interest to the GLACIER Executive Committee (Exco), which includes the Chief Executive Officer, with a recommendation as to how the conflict of interest should be managed (if it cannot be avoided);

6.6. Documented guidelines on the provision of “immaterial financial interest” are set out in Annexure C. These guidelines may be adapted from time-to-time to address specific business needs.

6.7. Documentation and processes which have been formulated to identify, avoid, mitigate and disclose conflicts of interest include the following:

- a) The framework to evaluate whether the providing of sales tools to providers (electronic or otherwise) creates an actual or potential conflict of interest is set out in Annexure A.
- b) The framework to evaluate whether the providing of services in support of providers create an actual or potential conflict of interest, is set out in Annexure B.
- c) The framework to evaluate whether the providing of immaterial financial interests to providers create an actual or potential conflict of interest, and whether it is allowable in terms of the financial conditions imposed by regulation (R1000 per annum) is set out in Annexure C.
- d) A central register for the recording of conflicts of interest, including the persons involved and the controls implemented has been created.
- e) Monitoring of compliance with the GLACIER COI Policy will form part of the compliance officer’s monitoring plan.
- f) Where monitoring has identified non-compliance with either the Group COI policy or the GLACIER COI policy, the compliance risk should be assessed and escalated to the Exco with a recommendation as to the measures that will be taken to mitigate the compliance risk; and
- g) 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 GLACIER Exco for a decision on how the conflict should be managed, for example, disclosure to the client or declining to act.

6.8. All employment contracts will be amended to include provision for the necessary disciplinary measures to effectively manage the risk of an actual or potential conflicts of interest situations created by employee acts or omissions;

6.9. Disciplinary procedures will be amended to provide for the review of any breach of this policy by employees;

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

6.11. 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 Compliance Officer for further investigation.

MONITORING OF IMMATERIAL FINANCIAL INTEREST

Glacier may spend up to R1000. Accordingly Glacier will be responsible for the monitoring of immaterial financial interest spend within the R1000 per annum limit.

The responsibility will fall on the Regional Sales Managers to record any immaterial financial interest expense per Broker in his or her region. The spend will be recorded on an Excel spreadsheet template that has been developed specifically for this purpose.

7. ACCESSIBILITY OF COI POLICY

This policy document will be made available on the Glacier intranet as well as the Glacier website to ensure that it is easily accessible for to employees, clients and third parties.

8. TRAINING AND AWARENESS

8.1. All GLACIER employees, contractors and temporary workers will annually receive appropriate training and awareness on this policy.

8.2. All newly recruited employees must attend a session that includes this policy during their induction training;

8.3. The Compliance Officer, in conjunction with the Human Resources department will co-ordinate and facilitate training interventions for GLACIER employees.

- 8.4. Training materials provided to all staff must include a reference to, and information on the content and application of this policy.

9. CONSEQUENCES OF NON-COMPLIANCE

- 9.1. 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.
- 9.2. The Registrar of Financial Services Providers is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- 9.3. The FAIS Act also gives the Registrar the powers to suspend and/or withdraw the license of an FSP under certain circumstances.
- 9.4. Employees' failure to make the necessary disclosures could be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of Sanlam's Disciplinary Code.
- 9.5. Certain transgressions of this policy may result in civil or criminal prosecution. Please refer to the SGFCCP in this regard.
- 9.6. All potential transgressions of this policy must be investigated fairly and objectively and be reported by the relevant compliance department to the relevant Chief Executive for a decision.

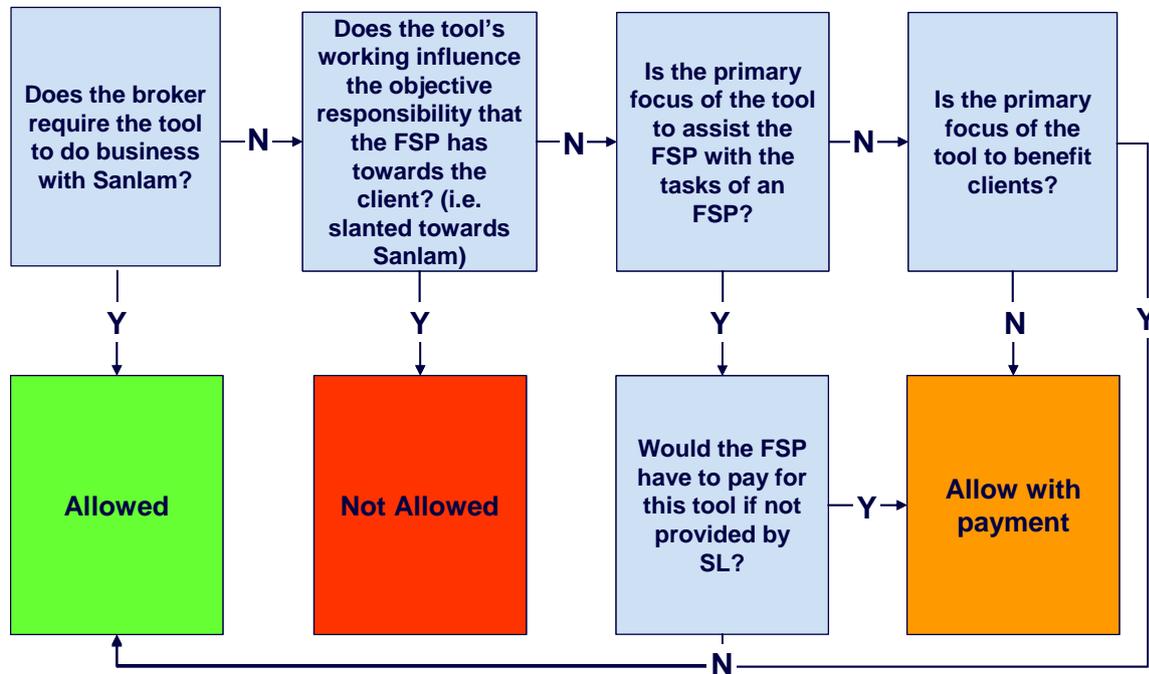
10. REVISION

This policy document will be reviewed on an annual basis and submitted by the GLACIER Compliance Officer to the Exco and the GLACIER Board for evaluation and amendment, where necessary.

Annexure A

Framework to evaluate the provision of sales tools to providers

Electronic tools for Brokers framework

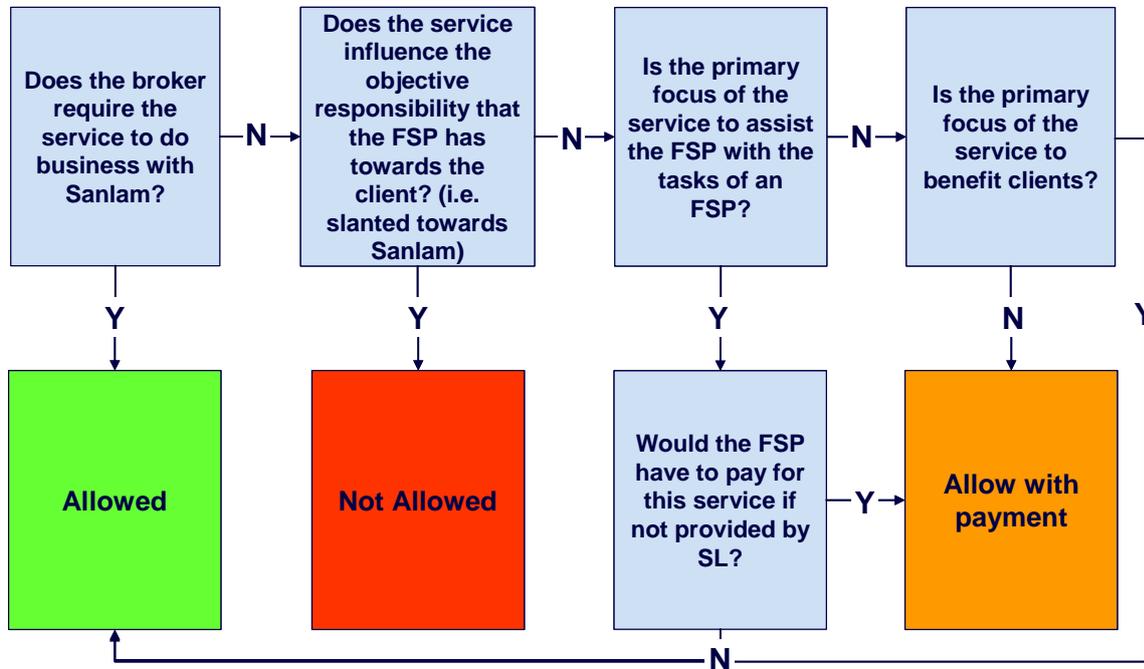


Where the amount is less than R1000 and is deductible from the R1000 immaterial financial interest allowed, you must be able to justify that the benefit remains immaterial.

Annexure B

Framework to evaluate the provision of services in support of providers

Services for Brokers framework



Annexure C

GUIDELINES TO EVALUATE THE PROVISION OF “IMMATERIAL FINANCIAL” INTERESTS TO PROVIDERS

BUSINESS ABBREVIATIONS:

Sanlink - Sanlam Linked Investments
SCI – Sanlam Collective Investments
SIM – Sanlam Investment Management
SPE – Sanlam Private Equity
SSS – Sanlam Structured Solutions

1. LEGISLATION REQUIREMENTS

In terms of the General Code of Conduct (issued in terms of FAIS), the following requirements are set for managing conflicts of interests that may be created between an FSP and his/her client:

“Conflict of interest” – This means any situation where an FSP or representative has an actual or potential interest (financial or otherwise) that may influence the objective exercise of his/her obligations to a client. The focus is on any relationship (e.g. with a product provider) that would prevent such a person from offering unbiased and fair advice (or intermediary service) or from acting in the interest of a client.

- Principle based requirement

The following principle applies:

“A provider or a representative must avoid and where this is not possible mitigate any conflict of interest between the provider and a client or the representative and a client.”

- Rule based requirement

An FSP is not allowed to offer Brokers (and they are not allowed to receive) any financial interest other than:

- a. Statutory commission and fees;
- b. Fees applicable to the investment industry as agreed to by the client;

- c. Fees for rendering a service to a third party (this provides for outsourcing arrangements, e.g. back office services rendered in the collective investments environment);
- d. Immaterial financial interest. The focus is on the immateriality of the financial interest that is given, but is subject to an overall maximum amount of R1000 in a calendar year per annum; and
- e. Financial interest for which the Broker pays a fair value.

2. GENERAL INTENTION OF THE REGULATIONS

The general intention of the regulations is to eradicate the opulence that business courtesies have been known to create. Normal business courtesies (as indicated by the examples used in this document) are still acceptable provided they fall within the limitations set out below.

3. APPLICATION OF IMMATERIAL FINANCIAL INTEREST

In terms of the definition of “immaterial financial interest”, the amount of R1000 would apply to a “provider who is a sole proprietor”, (i.e. a Key Individual who is also a representative), a representative of an FSP who stands to benefit, and an FSP who may benefit or all or some of its representatives.

It would follow that the limitation of the R1000 amount is aimed at providers (FSP`s) and their representatives. As the FSP may also be a legal entity, it would follow that such reference would include the Key Individuals (in their capacity as representatives) linked to such providers.

This can be illustrated by way of an example: A corporate brokerage who is an FSP may have 100 representatives. The limitation on providing “immaterial financial interests” is limited to a R1000 per individual (and does not apply to the aggregation of 100 representatives (100 X R1000 for the FSP). This means that you cannot multiply the R1000 by the 100 representatives and regard this as an immaterial financial interest that accrues to the FSP.

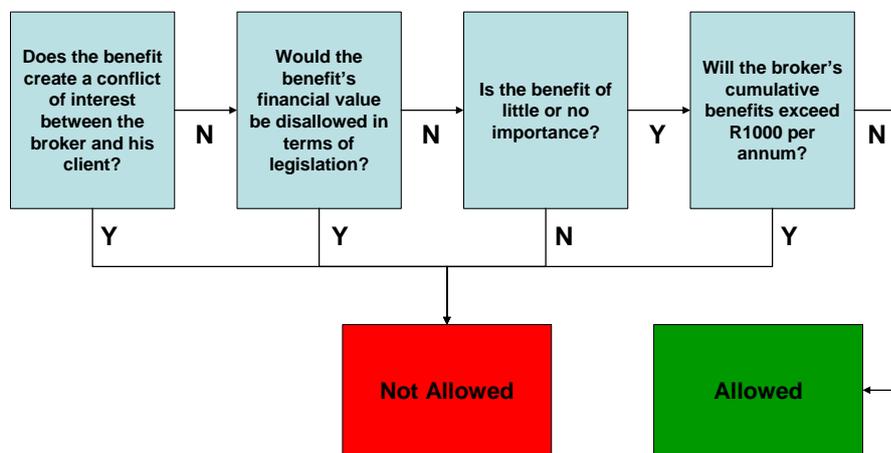
In a Sanlam Group context, this would mean that all “providers” and “product suppliers” (who are not also FSP`s) would be entitled to justify the expenses related to “immaterial financial interests” limited to R1000 per FSP (or representative). In practical terms this would allow Sanlam Life (as an FSP) to spend a maximum of R1000 per broker on “immaterial financial interests” in a calendar year. Similarly Glacier and Sanlink (who are also FSP`s, would be able to likewise. The same would apply to SCI (who is a product supplier but does not have a FSP licence.)

The R1000 limitation will be aggregated in instances where there are various divisions within an FSP – (e.g. SIM (Pty) Ltd is the FSP, but SIM Global, SPE and SSS are all divisions of SIM). The same would apply to Cobalt, being a division within Sanlam Life.

The requirements in Board Notice 58 of 2010 apply to all relationships between the FSP and other FSP's, product suppliers and representatives, in respect of services rendered in South Africa but regardless of whether they are domiciled in South Africa or internationally.

4. FRAMEWORK FOR DECISION MAKING

The following decision-tree is suggested as a guide to assist in deciding whether a specific benefit is allowable:



5. EXAMPLES

a. Extending Invitations to brokers

i. Golf Invitations

An invitation to a broker to attend a golf game is acceptable, and is not viewed as creating an unallowable conflict of interest. The limitation is however that this may only include reasonable expenses to be paid for by the FSP. Reasonable expenses would be linked to the specific circumstances of an event, but always limited to an overall maximum amount of R1000 per calendar year. As such an invitation falls within the definition of an allowable financial interest, this would need to be recorded and will be subject to the R1000 pa immaterial financial interest limit.

- ii. Sporting and similar events
As part of its normal marketing activities, companies within the Sanlam Group may at times host (or be asked to participate in) a charity event (e.g. sponsoring a golf event or hole). When an FSP invites brokers to play (as part of the benefits afforded to the FSP for its sponsorship), this is not regarded as creating an unallowable conflict of interest. The limitation set out in (a) (i) above applies.
- iii. Invitations to cultural events

The same limitation as set out in (a)(i) above applies.
- b. Hosting Events for brokers
 - i. Golf Day
Hosting a golf day for brokers is regarded as creating an unallowable conflict of interest.
 - ii. Hunting/fishing
Hosting a social trip for brokers is regarded as creating an unallowable conflict of interest.
- c. Inviting brokers to conduct a “due diligence” visit to Sanlam or GLACIER Head Office

Inviting brokers (and their managers) to interact with head office staff is not regarded as an unallowable conflict of interest. The limitation would however be that no travel or accommodation costs may be paid for by the FSP. Normal business courtesies (linked to reasonable expenses) would be allowable, but would be subject to the overall maximum of R1000 per annum in any calendar year.
- d. Providing brokers with marketing material to conduct promotional projects

Providing brokers with a complimentary supply of Glacier specific branded material to conduct his/her own promotional activities, is regarded as creating an unallowable conflict of interest.

Providing marketing material to brokers at the normal distribution price is acceptable.

(Bear in mind that providing free promotional material and including this as an “immaterial financial interest” is not allowed.)

e. Providing brokers with a branded diary (or other date-linked items)

Providing a broker with a diary is not regarded as creating an unallowable conflict of interest. The cost of such a diary should however be included in the calculation of “immaterial financial interest” (in relation to such a broker).

f. Hosting product seminars

An FSP (who is also a product provider) may invite its clients to a function where its products are explained. At such a function the FSP is the host, and sends out invitations to its clients (and prospective clients).

Brokers may request the product provider to send invitations to his/her clients, but the guest list remains the sole responsibility of the product provider. The FSP (product provider) may provide reasonable refreshments to its clients (and prospective clients) at such functions.

g. Personal gifts of nominal value

Providing a supporting broker with a gift of a nominal value at special occasions e.g. at the end of the year, at birthdays, anniversaries is allowed provided that the cost of such gift should be included in the calculation of “immaterial financial interest”.

Annexure D

GUIDELINES ON THE PROVISION OF AGGRESSIVE FEES

CRITERIA: AGGRESSIVE FEE SCALES WITHIN GLACIER DISTRIBUTION & SALES

NUMBER OF CLIENT COMPLAINTS

Less than the average complaints received with regard to services rendered by intermediaries. Product specific complaints will not be taken into account. (For example complaints received as a result of Glacier's implementation of regulation 28.) Only written complaints will be considered.

DIVERSIFICATION

Potential of intermediary to support Glacier's diversification strategy (investment, risk, short-term, fiduciary and offshore). Product type impacts significantly on Glacier's profitability. Historically life business is more profitable as non-life business as it stays on the platform for longer periods as non-life business. It will therefore be more difficult for an intermediary with a client base invested mainly in non-life discretionary business to qualify, than for an intermediary with a predominant ILLA client base.

CHURNING OF BUSINESS

Churning impacts on Glacier's profitability as investments do not stay on the platform enabling Glacier to recoup initial strain on business, and it is not in the interest of clients if the intermediary moves the investment between platforms on a regular basis.

DISTRIBUTION COSTS

Glacier is dependent on Sanlam Life Distribution to distribute its products. For this service Glacier pays a fee to Sanlam Distribution. Glacier also distributes its products directly via the Glacier Distribution Channel. Distribution costs have a direct impact on the fees payable to the various distribution channels. As the cost of the Glacier Distribution Channel is lower than the cost of the Sanlam Distribution Channel which impacts directly on Glacier's profits, Glacier can afford to provide Glacier Distribution channel intermediaries with aggressive fee structures.

PROFITABILITY PER INTERMEDIARY

Business that is more profitable for Glacier.

Ease of administration - Administration capabilities:

The systems, infrastructure, processes and policies which these clients' brokers have implemented when rendering (continuing) financial services to their clients. Typically these brokers' back offices will be able to implement straight through processing once Glacier implements this functionality.

Application forms are accurately completed and include all the relevant supporting documentation resulting in a lower than average interaction with intermediary.

Knowledge:

Superior knowledge of the Glacier product range which result in lesser queries addressed to the Call Centre.

The call volumes to Glacier’s call centre and / or email communications are lower than the average number received from other intermediaries.

FUNDS UNDER MANAGEMENT

Glacier will benefit from economies of scale if an intermediary has a bigger investment book under management with Glacier, especially if the intermediary has the necessary systems and infrastructure in place to manage the clients’ assets. This will make the intermediary’s book more profitable for Glacier, enabling Glacier to offer the intermediary’s clients more aggressive fee scales. The size of such an investment book of assets should be in the region of R75 million. This amount will be adjusted from time to time to take inflation into account.

CRITERIA

Glacier will evaluate on an annual basis whether a qualifying intermediary meets the qualifying criteria. Intermediaries that do not qualify will be removed from the list.

If a member of the Glacier Distribution, the intermediary will automatically qualify for super aggressive fees. If not a member of Glacier distribution, Glacier will apply different criteria to existing supporting intermediaries and new intermediaries who have not supported Glacier previously.

Existing (based on experience)	New (based on expectation)
1. Funds under management	1. Funds under management (plan size & product type) – needs to have a book of bigger than R75 million
2. Profitability of intermediary	2. Profitability of intermediary – we use average investment size as a proxy to look at intermediary
3. Diversification	3. Diversification
4. Number of client complaints	
3 out of 4 criteria to be met	2 out of 3 criteria to be met

Churning will disqualify any of the intermediaries in any of the Distribution channels.

Note that although Glacier is able to measure some of the criteria stipulated above, management information systems will have to be put in place in respect of others.