

UNUM CAPITAL (PTY) LTD
CONFLICT OF INTEREST MANAGEMENT POLICY



M E E T I N G Y O U R F I N A N C I A L N E E D S

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Company Reg: 1999/008361/07 **Director:** Mark Weetman **External Compliance:** Mrs Shashika Adsetts, Moonstone Compliance, CO 6220

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1. DEFINITIONS

The Financial Services Provider (“**FSP**”) trades as a Company incorporated with limited liability in terms of the Companies Act, with registration number 1999/008361/07 and as an authorised Financial Services Provider with license number 564.

For the purposes of this Policy, the following words and expressions will have the following meanings:

“associate” in relation to the FSP, means any entity referred to in subparagraphs (i) to (vii) below who is also a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person who in terms of an agreement or arrangement with any product supplier, another provider, an associate of a product supplier or a provider, a distribution channel above provides a financial interest to the FSP or its representatives such an associate being:

- (i) any subsidiary company of the FSP,
- (ii) any holding company of the FSP,
- (iii) any other subsidiary of any holding company of the FSP
- (iv) any other company of which that holding company is a subsidiary;
- (v) any person in accordance with whose directions or instructions the board of directors of the FSP is accustomed to act;
- (vi) any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the FSP is accustomed to act in accordance with the directions or instructions of the FSP;
- (vii) any trust controlled or administered by the FSP.

“conflict of Interest” means any situation in which the FSP or any Representative has an actual or potential interest that may, in rendering a financial service to a Client,

- a) influence the objective performance of his, her or its obligations to that client; or
- b) prevent the FSP or any representative 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;

“distribution channel” means

- a) any arrangement between a product supplier or any of its associates and one or more FSPs or any of its associates in terms of which arrangement any support or service is provided to the FSP or FSPs in rendering a financial service to a client;
- b) any arrangement between two or more FSPs or any of their associates, which arrangement facilitates, supports or enhances a relationship between the FSP or FSPs and a product supplier;
- c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a FSP or FSPs and a product supplier;

“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 FSPs 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;
- c) a qualifying enterprise development contribution, to a qualifying beneficiary entity, by an FSP that is a measured entity

“Immaterial financial Interest” means any financial Interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by

- a) a FSP who is a sole proprietor; or
- b) a representative for that representative's direct benefit;
- c) a FSP, 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;

- 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

“third party” means

- a) a product supplier;
- b) another FSP;
- c) an associate of a product supplier or a FSP;
- 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 FSP or its representatives.

2. INTRODUCTION

BN 80 of 2003 - General Code of Conduct for Authorised Financial Services Providers and Representatives (as amended)- at paragraph 3(1)(b) requires that when a FSP renders a financial service, the FSP and any representative must avoid and where this is not possible mitigate, any conflict of interest between the FSP and a client or the representative and an existing client or potential client.

3. PURPOSE

This Policy seeks to regulate and control any prejudice to clients that could potentially arise as a consequence of conflicts of interest generally and in particular, as a consequence of non-cash incentives and benefits being offered by another FSP, a product supplier or any other person to any person rendering financial services on behalf of Unum Capital (PTY) Ltd (hereinafter referred to as “**the FSP**”).

Conflicts of Interest will be managed to ensure that at all times financial services are rendered honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

4. MECHANISMS FOR THE IDENTIFICATION OF CONFLICT OF INTEREST

In terms of the General Code of Conduct Sec 3A(2)(b)(i)(aa), a Conflict of Interest management policy must provide mechanisms for identification of the conflict.

Conflict of Interest, whether actual or potential, is not of a tangible nature and is therefore difficult to identify. It will only manifest once the subjective realisation of its presence is acknowledged by an individual.

The legal duty to avoid actual or potential Conflict of Interest, as mentioned above, therefore extensively depends on whether an individual realises/perceives a Conflict of Interest. The Key Individual must for this reason, apply objective judgment whenever confronted with a potential Conflict of Interest.

4.1. Individual identification

Throughout the process of rendering a financial service to a client, a representative must apply his or her mind to answering the following questions:

- 4.1.1. Is there any situation that exists that influences the objective performance of my obligations to my client?
- 4.1.2. Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
- 4.1.3. Is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is **“no”**, then there is no conflict of interest associated with the financial service and the representative may proceed.

If the answer to all three questions is **“yes”** the representative must proceed to answer the following additional questions:

- 4.1.4. Is the situation caused as a result of an actual or potential relationship with a third party? (See definition of “third party”)
- 4.1.5. Is the situation caused by an actual or potential financial or ownership interest? (See definition of “financial interest” and “ownership interest”).

If the answer to any one of the questions is **“yes”** an actual or potential conflict of interest will have been identified.

- 4.2. Below are some of the mechanisms we use at Unum in identifying conflict of interest:
 - 4.2.1. Declarations are signed by all Key Individuals confirming the presence or absence of any actual or potential conflict of interest on an annual basis.
 - 4.2.2. All Employees are required to report any potential or actual Conflicts of Interest to the Compliance Department.
 - 4.2.3. A list of all the FSP’s Associates is updated annually and is available in Annexure
 - 4.2.4. All gifts received from third parties, are recorded in the FSP’s gift register which is kept on the Unum’s compliance file on Kotive System
 - 4.2.5. All records associated with the identification of an actual or potential conflict of interests is kept on the compliance file on Kotive which is available for inspection purposes.

5. MEASURES FOR AVOIDANCE OF CONFLICTS OF INTEREST

In terms of Section 3A(2)(b)(i) (bb) of the General Code of Conduct, a conflict-of-interest management policy must provide measures for the avoidance of conflicts of interest, and where

avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest.

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

- 5.1. The key individual, Internal Compliance officer and Head of department of the FSP will convene and review the actual or potential conflict of interest with transparency.
- 5.2. All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties.
- 5.3. All information surrounding the actual or potential conflict of interest must be disclosed to the FSP's Compliance Officer

The following consequences must be considered during the review process:

- 5.4. The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients.
- 5.5. The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry.
- 5.6. The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the FSP.
- 5.7. The key individual, Internal Compliance officer and Head of department of the FSP must apply its mind 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.
- 5.8. 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, the key individual, Internal Compliance officer and Head of department of Unum shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of Unum 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.

If the key individual, Internal Compliance officer and Head of department of Unum has determined that the actual or potential conflict of interest is unavoidable, the following mitigation processes must be adhered to:

- 5.9. The key individual, Internal Compliance officer and Head of department of the Unum will convene and review an appropriate mitigation process given the unavailability of the particular set of circumstances.
- 5.10. The reason(s) why the actual or potential conflict of interest is considered to be unavoidable must be recorded and kept on the compliance file.
- 5.11. The internal compliance officer must be made aware of the conflict's unavailability as well as the reasons for such said unavailability.

Where the key individual, Internal Compliance officer and Head of department of the FSP has determined that the actual or potential conflict of interest is unavoidable, the following processes will be followed:

- 5.12. The key individual, Internal Compliance officer and Head of department of Unum and FSP's compliance officer 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.
- 5.13. The reasons why the actual or potential conflict of interest was considered to be unavoidable will be recorded in the FSP's Compliance File.

The mitigation process will include the adoption of the following measures:

- 5.14. The actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the unavailability of the actual or potential conflict of interest;
- 5.15. Alternative arrangements to a proposed transaction, contract or arrangement that is the subject of the conflict of interest must be investigated on a continuous basis.
- 5.16. The rendering of financial services must at all times be conducted as to the best interest of the client (in as far as this is possible, given the unavailability of the actual or potential conflict of interest)
- 5.17. All representatives must be made aware of the actual or potential conflict of interest, and the reasons for its unavailability.
- 5.18. Full disclosure of the actual or potential conflict of interest must be made to the Financial Service Conduct Authority during the FSP's annual compliance report.

6. MEASURES FOR DISCLOSURE OF CONFLICTS OF INTEREST

Unum must 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. Unum 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 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 or intermediary service. On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosure processes will be implemented on behalf of the FSP:

- 6.1. Shall be made in writing at the earliest reasonable opportunity. The disclosure may be communicated by way of appropriate electronic media.
- 6.2. The disclosure shall include the nature of any relationship or arrangement with a third-party that gives rise to a conflict of interest
- 6.3. The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest
- 6.4. The disclosure shall include the measures taken to avoid or mitigate the conflict
- 6.5. The disclosure shall include any ownership interest, other than an immaterial financial interest, that the FSP or representative may be or become eligible for
- 6.6. The disclosure shall include a reference to the FSP's Conflict of Interest Management Policy and how it may be accessed.

7. PROCESSES, PROCEDURES, AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY

- 7.1. The key individual, Internal Compliance officer and Head of department of the FSP will ensure that the policy is kept on the compliance file, and the appointed Compliance Officer will confirm its adoption as part of the FSP's quarterly feedback report.
- 7.2. The key individual, Internal Compliance officer and Head of department of Unum will ensure that all relevant staff sign the policy, and the appointed Compliance Officer will confirm such signature as part of the FSP's quarterly feedback report.
- 7.3. The key individual, Internal Compliance officer and Head of department of Unum will ensure that the conflict-of-interest declaration of this policy is completed, and the appointed Compliance Officer will confirm such completion as part of the FSP's quarterly feedback report.

- 7.4. The key individual, Internal Compliance officer and Head of department of Unum will ensure the annual review of all contracts held with 3rd parties, and the appointed Compliance Officer will confirm such review as part of the FSP's feedback report.
- 7.5. The key individual, Internal Compliance officer and Head of department of the FSP will ensure that all declarations confirming the presence or absence of any actual or potential conflict of interests are signed on a quarterly basis, and the appointed Compliance Officer will confirm such declarations as part of the FSP's quarterly feedback report.
- 7.6. The key individual, Internal Compliance officer and Head of department of the FSP will ensure that a list of all the FSP's associates is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report.
- 7.7. The key individual, Internal Compliance officer and Head of department of Unum will ensure that a list of all the parties in which the FSP holds an ownership interest is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report.
- 7.8. The key individual, Internal Compliance officer and Head of department of Unum will ensure that a list of all third parties that holds an ownership interest in the FSP is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report.
- 7.9. The key individual, Internal Compliance officer and Head of department of Unum will ensure that all gifts received from 3rd parties are recorded in the FSP's gift register. The appointed Compliance Officer will confirm that such register is in place as part of the FSP's quarterly feedback report.
- 7.10. The key individual, Internal Compliance officer and Head of department of Unum will ensure that all records associated with the identification of actual or potentials conflicts of interest are kept on the compliance file. The appointed Compliance Officer will confirm such records as part of the FSP's quarterly feedback report.
- 7.11. The key individual, Internal Compliance officer and Head of department of Unum will ensure that the proper disclosure requirements are communicated to the client. The appointed Compliance Officer will confirm such disclosures as part of the FSP's quarterly feedback report.

8. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY

If Unum's key individual, Internal Compliance officer and Head of department has reasonable cause to believe that any employee, including any Key Individual, authorised representative and/or any juristic representative has failed to disclose actual or possible conflicts of interest, it shall inform

such individual/s of the basis for such belief and afford such individual/s an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the individual/s in question and making such further investigation as may be warranted, the board or committee determines that the individual/s has/have in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

9. PERMITTED FINANCIAL INTERESTS

The following financial interests are permitted and are not regarded as constituting any actual or potential conflict of interest:

- 9.1. commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998);
- 9.2. fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) if those fees are reasonably commensurate to a service being rendered,
- 9.3. fees for the rendering of a financial service in respect of which commissions or fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
- 9.4. commission authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
- 9.5. fees authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998) if those fees are reasonably commensurate to a service being rendered
- 9.6. fees for the rendering of a financial service in respect of which commissions or fees authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998)) are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
- 9.7. 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;
- 9.8. any financial interest in the form of cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that FSP or representative at the time of receipt thereof.
- 9.9. training, that is not exclusively available to a selected group of FSPs or representatives, on:
 - 9.9.1. products and legal matters relating to those products;

- 9.9.2. general financial and industry information; or
- 9.9.3. specialised technological systems of a third party necessary for the rendering of a financial service;
excluding travel and accommodation associated with that training;
- 9.10. any immaterial financial interest;

10. PROHIBITED FINANCIAL INTERESTS

Any financial interest described below that does not fall within the provisions of Paragraph 9 above (Permitted Financial Interests) is prohibited and may not be accepted under any circumstances:

- 10.1. Any Cash Payment received from any third party:
- 10.2. Any Cash Equivalent received from any third party:
- 10.3. Any Voucher received from any third party:
- 10.4. Any Gift received from any third party,;
- 10.5. Any Service received from any third party,;
- 10.6. Any Advantage received from any third party:
- 10.7. Any Benefit received from any third party:
- 10.8. Any Discount received from any third party:
- 10.9. Any Domestic or Foreign Travel received from any third party:
- 10.10. Any Hospitality received from any third party:
- 10.11. Any Accommodation received from any third party:
- 10.12. Any Sponsorship received from any third party:
- 10.13. Any other incentive or valuable consideration received from any third party:

The sole exceptions to the prohibition on the receipt of the financial interests referred to above are when the aggregate of the determinable monetary value received in any calendar year from the same third party does not exceed R1 000 in that calendar year if received by the FSP, or does not exceed the sum of R1 000 multiplied by the total number of representatives if received by all or any representatives in any calendar year from the same third party.

11. DECLARATION OF THE FSP'S OWNERSHIP INTEREST

- 11.1. Neither the FSP nor any Representative has any actual or potential equity or proprietary interest of any kind in any Third Party that may, in rendering a financial service to a Client,

influence the objective performance of his, her or its obligations to that client or that may prevent the FSP or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client

- 11.2. Neither the FSP nor any Representative receives any actual or potential dividend, profit share or similar benefit derived from any equity or ownership interest of any Third Party that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may prevent the FSP or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

12. DECLARATION OF OWNERSHIP INTEREST IN THE FSP

- 12.1. No Third Party has any actual or potential equity or proprietary interest of any kind in the business of the FSP that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may prevent the FSP or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client
- 12.2. No Third Party receives any actual or potential dividend, profit share or similar benefit to the FSP that is derived from any equity or ownership 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 that may prevent the FSP or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

13. DECLARATION OF RELATIONSHIPS WITH THIRD PARTIES

- 13.1. Neither the FSP nor any Representative has any actual or potential relationship with any Third Party 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 the FSP or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

14. BASIS OF REPRESENTATIVE'S REMUNERATION

- 14.1. Every Representative shall be remunerated on such basis as may be determined in each instance and shall in all instances be based on the performance of the specific Representative:

provided however that the FSP shall not reward or in any manner remunerate any Representative for:

- 14.1.1. giving preference to the quantity of business secured for the FSP to the exclusion of the quality of the service rendered to clients; or
- 14.1.2. giving preference to a specific product supplier, where the Representative in question may recommend more than one product supplier to a client; or
- 14.1.3. giving preference to a specific product of a product supplier, where the Representative in question may recommend more than one product of that product supplier to a client.

15. CONTACT DETAILS

- 15.1. Any queries in regard to this Conflicts of Interest Policy, including any report of any breach thereof, may be addressed to either:

Designation : Client Services Manager / Internal Compliance Officer / Key Individual

Cell : +27 (0)11 384 2900

Email : compliance@unum.co.za

- 15.2. All such queries and reports will be kept in the strictest confidence and in circumstances where and employee of the FSP has reported any breach of this Policy, the FSP will use its best endeavours to protect the identity of such employee.

16. OBLIGATION BY EMPLOYEES

All employees have an obligation to promote the compliance culture as well as adhering to the provisions of this policy. Disregard for the compliance philosophy, compliance culture and failure to comply with any provisions of the legislation or this policy will result in remedial and/or disciplinary action being taken.

17. IMPLEMENTATION

This policy will be made available and distributed to all employees and representatives working in or on behalf of the organisation. Executive Management is responsible to ensure that this policy is communicated, observed and that it remains appropriate on an ongoing basis.

18. ENDORSEMENT

This policy is approved and endorsed by Executive Management.

19. REVIEW OF THE POLICY

This policy will be reviewed by Executive Management on at least an annual basis or more frequently in the event of material amendments to the regulatory environment and may be altered and improved at any time and will be enforceable with immediate effect. All changes and amendments will be communicated and distributed to all stakeholders who will be required to adhere to such changes without delay.

20. OWNERSHIP & ACCOUNTABILITY

This policy is owned by **Unum Capital (PTY) LTD**, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act (37 of 2002) and subordinate legislation.

As Key Individual of the FSP, I, **Mark Howard Weetman** hereby confirm the adoption of the policy on behalf of the key individual, Internal Compliance officer and Head of department of the Provider.

I hereby accept responsibility for the successful training of employees and successful implementation of this Policy.

Signature

Friday, 11 May 2023
Date