



Conflict of Interest Management Policy for:

BetterLife Distribution Services (Pty) Limited,  
FSP No. 24015

BetterLife Distribution Services (Pty) Limited (Reg No. 2005/024995/07)

(BetterLife means BetterLife Distribution Services (Pty) Limited)

BetterLife is dedicated to operating in an open and transparent manner and understands that this is important for all the features of the operations of our business, whether in dealing with our clients, suppliers, service providers or business colleagues, be they part of the financial services industry or not. BetterLife's focus is on business ethics and we have a code of moral principles that govern our conduct in our business environment. We therefore strive to act fairly and be open and transparent in all our business transactions and our decision making.

BetterLife takes this policy as a statement that binds the ethics of the Company.



Tersia Bester  
Insurance Executive

Date: 1 February 2016

**This policy applies to:**

- I. Directors
- II. Managers
- III. Permanent staff
- IV. Contract and/or temporary staff

whether they be employed in the financial services sector or not.

**What does BetterLife deem to be a Conflict of Interest?**

The FAIS (Financial Advisory and Intermediary Services) Act provides us with the foundation for our policy. It defines a conflict as;

“any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- a. influence the objective performance of his, her or its obligations to that client; or
- b. prevent a provider or representative from rendering unbiased and fair financial services 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

**Where can these potential conflict situations arise within BetterLife?**

- I. With insurers with whom there is a business/ownership relationship
- II. With other FSP's with whom there is a business/ownership relationship
- III. With distribution channels with whom there is a business/ownership relationship
- IV. With any other persons with whom there is a business/ownership relationship
- V. With any service providers with whom there is a business/ownership relationship

Any of the above could be deemed Associate companies or Third Party companies with whom we may have an ownership in them or by them. These companies, if applicable, are listed in separate annexures to this policy.

- VI. With BetterLife's staff as a result of employment contracts and remuneration policies
- VII. With any other relevant relationship that may exist within the company

**How does BetterLife assess whether there are conflict situations within our business?**

BetterLife documents all the various relationships and arrangements that we currently have in place, whether they create a conflict or a potential conflict. In any and all instances we then make a decision as to whether these relationships and/or arrangements are to be avoided or mitigated and the decision made is then recorded. The relationships and arrangements that we have are monitored and reviewed on an on-going basis. We need to ensure our external compliance officer (Associated Compliance) is kept updated and notified of any changes; this forms the basis of an on-going reporting policy, and if the need arises then we also need to report to the Financial Services Board, the ultimate authority governing the financial services sector.

All situations that could lead to a conflict first need to be identified, and key indicators are reviewed at least annually as well as before any new relationship is entered into, because a new relationship may well demand avoidance, mitigation steps or additional disclosures.

**The situations studied by BetterLife include:**

1. The Associate company relationships we have (i.e. companies with whom there is a relationship based on common shareholding, management control or family members involved and subsidiary or holding company status)
2. The Third Party relationships we have, including those of our staff. These include:
  - a. Product suppliers (insurers) – including any of their associates
  - b. Other FSP's – including any of their associates

- c. Distribution channels
  - d. Any other person who in terms of an agreement or arrangement with any of these provides a financial interest is due to us or one of our representatives, including but not limited to:
    - Assessors, fitment centres, panel beaters
  - e. Suppliers outside the insurance environment (IT, accounting, equipment, stationary)
3. Whether there was any ownership interest within these relationships, and if so whether this would create a conflict of interest.
  4. Whether any financial interest was paid from or to the entities within these relationships, and if so whether this would create a conflict of interest.
  5. Whether there was any immaterial financial interest paid from or to the entities within these relationships, and if so whether regular monitoring was taking place.
  6. The remuneration policies of our staff

By following this process we are able to assess all of our relationships, including those of our staff, and ensure they are properly documented. Following the collection and review of data we are then able to see how best to deal with the situations. The following options are available to us:

- I. Avoidance – we take away the situation that creates a conflict; or
- II. Mitigate – we acknowledge the conflict but implement control measures to reduce the potential impact, and/or;
- III. Disclosure – we provide full details of the situations that exist and what has been done, if anything, and how to lessen or eliminate the situation

Any solution could include a combination of all three of the above; however our general strategy was to avoid such conflicts (by physically removing the conflict situation). Where we are unable to remove the conflict situation, actual or potential, we need to mitigate the conflict by putting control measures in place. Where any disclosure of conflicts, whether actual or potential, involved clients then we need to make a formal disclosure, at the earliest possible reasonable opportunity, which would be when providing a client with the initial advice or quotation. Our disclosures need to be precise and effective.

#### **Our disclosures include the following:**

1. What conflicts we have
2. What measures we have taken to avoid or mitigate these
3. Ownership interests that may become due to us – including shareholding, dividends, profit share and such payments. This also includes ownership of and payments from Associated companies which can include administrators, cell captives and insurers
4. Financial interests that may become due (these are things we actually pay for that are made available by other FSP's or insurers as part of the relationships that exist) and can include vouchers, benefits, travel, hospitality, accommodation, sponsorships and other incentives
5. Details of the relationships and/or arrangements that exist that create the (potential) conflict
6. How to obtain our Conflict of Interest management policy

#### **How do we ensure this policy is understood and adhered to by all role players?**

1. This policy has been formally approved by management
2. Adherence to Conflict of Interest management is on the agenda of the Executive Committee meetings
3. This policy is published within the company and is readily available to all staff, clients and other interested parties
4. All staff have been provided with a copy of this policy and have also received awareness training
5. Compliance with this policy is an integral part of our employment contract and subject to review at least annually. Breaches of this policy are seen as an issue subject to the disciplinary procedures of the company
6. All staff complete a Conflict of Interest questionnaire, which is updated on an annual basis
7. Our compliance officer will regularly review this policy as well as our standards, and if necessary report any cases of non-compliance to the authorities if no corrective action has taken place

Below is a summary of the results:

**Conflict of Interest Management Policy – Details of identified Associated companies – including those of our staff**

<b>Who is the Associate company?</b>	<b>Do we have a shareholding in them?</b>	<b>Do they have a shareholding in us?</b>	<b>Do we see this as a potential conflict?</b>	<b>If Yes, what have we done about it?</b>	<b>Controls in place?</b>
BetterSure Insurance Brokers (Pty) Limited, an authorised financial services provider, FSP No. 41839	No, however we are both subsidiaries of BetterLife Group Limited, our holding company		No, we both operate independently and as such our relationship cannot be seen as one creating an actual or potential conflict situation	N/A	N/A
BetterLife Cell Captive (Pty) Limited (the cell captive entity that forms part of Insurer OMART (Old Mutual Alternative Risk Transfer Limited)	No, however our holding company, BetterLife Group Limited, has a shareholding in the Associate Company. This interest does provide for the payment of a share in the profits generated by the performance of the business generated via this facility	No	No, OMART is our principal product provider so this relationship is not seen as possibly creating a conflict situation	N/A	This relationship is disclosed to our clients

**Conflict of Interest Management Policy – Details of identified Third Party companies – (including those of our staff)  
PRODUCT SUPPLIERS**

<b>Who is the third party?</b>	<b>Do we receive financial interest from this company?</b>	<b>Nature of the financial interest?</b>	<b>Do we see this as a potential conflict?</b>	<b>Controls in place?</b>
OMART (Old Mutual Alternative Risk Transfer Limited)	Yes	We have a Binder agreement as well as an Administration and Outsourcing agreement in place with OMART, we therefore receive a binder fee as well as an administration fee for the services that we carry out on behalf of the insurer, over and above the regulated commission that we receive. We also have a Representative agreement in place with OMART where we earn regulated commission. We do receive more than 30% of our income from OMART	No, because we have specific products which are underwritten by OMART, where no other product providers' products can be offered to clients	The presence of fees is disclosed to our clients

Auto & General Insurance Company Limited (Auto & General)	Yes	We have a tied agency agreement with Auto & General. In terms of this agreement we receive a monthly commission percentage as well as a once off fee for the services that we carry out.	No, because we have specific products which are underwritten by Auto & General, where no other product providers' products can be offered to clients	The presence of fees and our relationship with the insurer is disclosed to our clients
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**Conflict of Interest Management Policy – summary of other identified conflicts and corrective actions taken**

Possible other conflicts identified?	Do we see this as a potential conflict?	If Yes, what have we done about it?	Controls in place?
Staff receiving gifts, vouchers and the like	Yes	We have established controls to monitor these activities. Our disclosure notice also makes known the possibility of these occurrences, including the limits associated with them	We have a register set up which monitors and reviews all gifts and hospitality received by our staff from other FSP's. This ensures that anything received is not in excess of R1000 per year – which is the allowed limit. Regarding our staff receiving gifts, vouchers and the like from clients: Incidental gifts are considered to be acceptable, however records are kept and the annual limit is R500 per staff member. Should this limit be exceeded, approval needs to be obtained beforehand from senior management
Staff entertained by Associate or Third party companies	Yes		
Staff providing gifts, vouchers and the like to clients, Third parties or Associated companies	Yes		We have a register set up which monitors and reviews all gifts and hospitality provided to other FSP's or its representatives. This ensures that anything provided is not in excess of R1000 per year – which is the allowed limit
Staff entertaining Associates or Third party companies	Yes		
Staff employed elsewhere within the financial services industry?	N/A		

<b>Key individuals and Representatives – Financial Interest Received</b>	
<b>Financial interest allowed</b>	<b>Disclosure required</b>
Commission, in accordance with the Short and Long-term Insurance Acts, 1998 (“the STIA and LTIA”)	Disclosed in Initial Disclosure document and quotation.
Fees as provided for in the STIA and LTIA.	Disclosed in Initial Disclosure document and potentially in quotation.
Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA are payable, provided the client has specifically agreed to the fees in writing and has a discretion to stop them at any time.	Disclosed in Initial Disclosure document and potentially in quotation.
Promotional items	Disclosed in internal gift register
Any financial interest with a determinable monetary value <u>not exceeding R1000.00</u> per FAIS representative/key individual in any given year.	Disclosed in internal gift register
Financial interest for which the provider or FAIS representative has paid fair value or remuneration reasonably commensurate to the financial interest.	Disclosed in conflict of interest register
Ownership interest	Disclosed in conflict of interest register and Ownership interest register
Training that is not restricted to a selected group of providers and FAIS representatives on products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service.	No need to disclose
<b>Financial interest disallowed</b>	<b>Disclosure insufficient</b>
Any financial interest with a determinable monetary value <u>exceeding R1000.00</u> per FAIS representative/key individual in any given year. This could be made up of one gift or of several gifts from one product supplier in one calendar year (as recorded in internal gift register).	Must be recorded in conflict of interest register. Gift may not be accepted. Refusal to accept gift must be recorded.

**Definitions:****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 subparagraph (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 t69 of 1984) means any member thereof as defined in section 1 of that Act
  - (iii) which is not a company or close corporation as referred to in subparagraphs (i) and (ii), means another juristic person which would have a subsidiary or holding company of the first-mentioned juristic person -
    - (aa) has 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 that 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 is not a company, of which the governing body is accustomed to act in the accordance with the directions or instructions of the person first- mentioned in this paragraph;
  - (ii) includes any trust controlled or administered by that person.

**company**

means a company under the Companies Act, 1973 (Act No. 61 of 1973);

**conflict of interest**

means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -

- ( a ) influence the objective performance of his, her or its obligations to that client; or
- ( b ) prevent a provider or representative from rendering an unbiased and fair financial services 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 providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client;
- ( b ) any arrangement between two or more providers or any of their associates, which arrangement facilitates, support or enhances a relationship between the provider or providers 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 provider or providers and a product supplier;

**fair value**

has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 1973 (Act No. 61 of 1973)

**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;

**holding company**

means a holding company as defined in section 1(4) of the Companies Act, 1973 (Act No. 61 of 1973)

**immaterial financial interest**

means any financial interest with a determinable monetary value, the aggregate of this does not exceed R1000 in any calendar year from the same third party 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;"

**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 a 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;

**subsidiary**

means a subsidiary as defined in section 1(3) of the Companies Act. 1973 (Act No. 61 of 1973)

**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