

POLICY ON CONFLICTS OF INTEREST

1 The objective of this policy is to provide a framework within which FFG can address areas where conflicts of interest may arise. It aims to establish broad principles and guidance. In conjunction with FFG's Values, this policy aims to promote the fair treatment of clients and fairness towards employees and suppliers.

2 Definitions

a "Conflict of interest" is defined as any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of their obligations towards such client; or 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, ownership interest or any relationship with a third party.

b "Financial interest" is defined as cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable consideration, other than an ownership interest.

The definition excludes training that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialised technological systems of a third party necessary for the rendering of a financial service. Travel and accommodation associated with that training may constitute financial interest.

c "Ownership interest" is defined as 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. It includes any dividend, profit share or similar benefit derived from that equity or ownership interest

3 Regarding the type and the basis on which an FFG and its representatives will qualify for a financial interest, they will 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 above are 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 with the value of the financial interest, is paid by FFG or its representatives at the time of receipt thereof.

4 The following may be offered:

a Services that are essential in enabling FFG to prepare, submit and/or finalise transaction documentation, unless it would influence FFG in the objective performance of its functions or in the rendering of an unbiased service.

b Services that are not essential in enabling the provider do business with FFG, but which offer the provider value in terms of enhancing or supplementing its interaction with clients if there is clear proof of benefiting the client and there is no conflict of interest.

5 FFG 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;

b giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; and/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 Employees' failure to provide disclosures will be a transgression of the provisions of this policy and will be dealt with in terms of the company's disciplinary procedures. Certain transgressions of this policy may result in civil action or criminal prosecution. All potential transgressions of this policy must be investigated fairly and objectively and be reported by the compliance officer or senior management for a decision.

PROCEDURE FOR CONFLICT OF INTEREST MANAGEMENT

Measures to identify conflicts of interest

1 All representatives will be asked, before an Employment Agreement is entered into with them, to declare any conflict of interest.

2 All representatives will be trained at least annually, on the above policy and this procedure.

3 It is expected of each representative to assess his/her own circumstances to identify possible conflicts of interest.

4 If employees are of the view that their own conduct has caused the above to be breached, they should inform their manager at the earliest available opportunity after they have become aware of the breach. Management should report this breach to the compliance department for further investigation;

5 When employees reasonably suspect that a co-worker or contractor is in breach of the above, they should report it as soon as possible and in the strictest of confidence, to their line manager or compliance department for further investigation.

Measures to mitigate conflict of interest

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

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

a informing the client of the existence of the above policy and how same may be accessed.;

b the measures taken, in accordance with above policy, to avoid or mitigate the conflict;

c any ownership or financial interest, other than an immaterial financial interest that FFG or its employees may become eligible for;

- d the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail 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; and
- e the client proceeding or not with the transaction.

8 Disclosures that are made in writing to clients (referred to above) must:

- a be submitted to the compliance officer.
- b The onus is on the individuals subject to the above policy to ensure that proper disclosure is made in respect of the conflict of interest.
- c The compliance officer will escalate the conflict with a recommendation to the key individual or direct manager who will consider:
 - i the way each disclosed conflict will be assessed;
 - ii whether the conflict is actual or potential;
 - iii the value of the conflict or exposure; and
 - iv the potential reputational risk.

9 The key individual/direct manager will refer the matter to senior management if he/she considers it sufficiently serious.

Measures to avoid conflicts of interest

10 Representatives are expected to do everything reasonably possible not to end up in situations where conflicts of interests can arise. A conflict of interest may be serious enough to lead to the debarment of a representative.

General

11 The following can be obtained from FFG's operations manager:

- a a list of all FFG's associates;
- b a list of any third parties in which FFG holds an ownership interest together with the nature and extent thereof; and
- c a list of any third parties that hold an ownership interest in FFG, together with the nature and extent thereof.

12 FFG's report to the registrar which includes, inter alia, details regarding the implementation, monitoring, and compliance with the above policy as well as the accessibility thereof.

13 FFG's disciplinary procedures provide for the investigation of any potential breach of the above policy by employees and determines appropriate sanctions for actual breaches.

14 Contracts of employment which provide for appropriate sanctions in the event of a failure to avoid or manage the risk of a conflict of interest.

Training and awareness

15 FFG will implement appropriate training and awareness interventions for all employees at least once per annum. Training and training materials provided to representatives include a reference to, and information on the content and application of the above policy and this procedure.

16 Reps must annually complete a staff declaration on conflicts of interest.