

# Conflict of Interest Management Policy.

Dis-Chem+  
Life.

Dis-Chem Life (Pty) Ltd is an authorised Financial Services Provider (FSP 50594).  
Products underwritten by Guardrisk Life Limited, a licensed Life Insurer in terms of the  
Insurance Act (FSP 76).

## Revision History

Version	Date Published	Description of Changes
1	July 2020	Initial Draft
2	June 2022	Updates
3	January 2025	Branding and Company Name Change

## Document Details

Owner	Head of Legal and Compliance
Document Type	Policy
Document Status	Approved
Document Version	3
Effective Date	07 July 2020
Last Review Date	01 January 2025

## Document Approval

Name and Surname	Designation	Status	Date
Alexia Vermeulen	Head of Legal and Compliance	Approved	01 January 2025
Ashley Van Niekerk	Key Individual	Approved	01 January 2025

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# 1. Background

**FSP NAME:** Dis-Chem Life (Pty) Ltd

**FSP NUMBER:** 50594

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act.

This policy is to provide for mechanisms in place at Dis-Chem Life (Pty) Ltd ("Dis-Chem Life") to identify, mitigate and manage the conflicts of interest to which Dis-Chem Life is a party. This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

## **2. Objective of the policy**

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Sector Conduct Authority (FSCA).

In terms of the Financial Advisory and Intermediary Services Act, 2002, Dis-Chem Life is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. Dis-Chem Life has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

Dis-Chem Life keeps and maintains a register in which all actual or potential conflicts are recorded.

### **3. Mission statement on conflict of interest**

Dis-Chem Life is committed to ensuring that all business is conducted in accordance with good business practice. To this end Dis-Chem Life conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, Dis-Chem Life is potentially exposed to conflicts of interest in relation to various activities.

However, the protection of our clients' interests is our primary concern and therefore our policy sets out how:

1. we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
2. we have established appropriate structures and systems to manage those conflicts; and
3. we will maintain systems in an effort to prevent damage to our clients' interests through identified conflicts of interest.

## 4. Understanding the definitions

### 4.1. Conflict of Interest

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A conflict of interest may occur when in rendering a financial service to you, we do not act objectively, or do not render an unbiased or fair service to you, or do not act in your interests, including but not limited to:

- a) a financial interest
- b) an ownership interest
- c) any relationship with a third party.

### 4.2. A Financial Interest

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Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than an ownership interest.

Training, that is not exclusively available to a selected group of providers or representatives, on:

- a) Products and legal matters relating to those products;
- b) General financial and industry information;
- c) Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

### 4.3. An Ownership Interest

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Any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee. This includes any dividend, profit share or similar benefit derived from such interest.

### 4.4. Fair Value

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Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

## 5. What may we give and receive

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

- a) Commission authorized under the Long-term Insurance Act, 52 of 1998;
- b) Fees under the aforesaid act if these fees are reasonably commensurate to the service being rendered;
- c) Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- d) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- e) Subject to any other law, an immaterial financial interest;
- f) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.



## **6. Remuneration policy**

In terms of our remuneration policy, a portion of premiums paid by clients is retained by us and covers the running costs of the company. We may, potentially, receive more than 30% from one product provider.

## 7. Processes and internal controls

### 7.1 Identification of Conflict of Interest

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To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, Dis-Chem Life considers whether there is a material risk of damage to the client, taking into account whether Dis-Chem Life or its representatives, associates or employees:

- are likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- have a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
- receive or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

Our policy defines possible conflicts of interest as, inter alia:

- conflicts of interest between Dis-Chem Life and the client;
- conflicts of interest between our clients, if we are acting for different clients, and the different interest's conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.

Dis-Chem Life maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness, is reviewed on an annual basis. Apart from the register of actual conflict of interests, record is kept of potential conflicts of interest and closely monitored by the Key Individual.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

## 8. Measurement for avoidance and mitigation of conflict of interests

- Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.
- Ensure understanding and adoption of the conflict of interest policy and management measures by all employees, representatives and associates.
- Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- Keep a register of conflicts of interest.
- Once a conflict of interest has been identified it needs to be appropriately and adequately managed.
- The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.

### a) Disclosure:

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients via the disclosure letters (Letters of Introduction).

### b) Publication:

We will publish our conflict of interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times. The Conflict of Interest Management policy is available in hard copy in the compliance file and is stored electronically on the server. A copy will be provided on the client's request and may be requested by any client or member of staff from the Key Individual.

**c) Declining to act:**

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

## **9. Ongoing monitoring of conflict of interest management**

This policy will be reviewed annually, and must be included in the Dis-Chem Life annual FSCA compliance report, containing details "...on at least the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy."

The Key Individual is responsible for supervision and monitoring of this policy as well as the process to be followed, for example, inspection of new business transactions, client interviews, discussion with product providers, etc. The Key Individual will, in consultation with other relevant persons, regularly monitor and assess all related matters.

## **10. Training and staff**

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof. Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The Key Individual will conduct ad hoc checks on business transactions to ensure the policy has been complied with. A detailed Operational Monitoring Process has been implemented which includes all FSP policies and procedures.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of their general monitoring duties and will report thereon in the annual compliance report. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable. Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually or as when regulation requires.

## **11. Representatives and incentives**

We confirm we will not offer any financial interest to our Key Individuals or Representatives for:

- a) favouring quantity of business over quality of service; or
- b) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- c) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.



## 12. Registers

With regard to existing third-party relationships, being our product suppliers, we confirm that we do not have an ownership interest or are subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transaction with you we undertake to disclose these in the registers below.

Dis-Chem Life has implemented the following registers:

1. Nature and Extent of Ownership interests
2. Financial Interest Received
3. Nature and Extent of Business Relationships
4. Associations