

MUA INSURANCE ACCEPTANCES (PTY) LTD

CONFLICT OF INTEREST MANAGEMENT POLICY

1. CONFLICT OF INTEREST MANAGEMENT POLICY SCOPE

This policy is created in line with Section 3A (2) of the *General Code of Conduct for Authorised Financial Services Providers and Representatives Amendment Notice, 2010* (“the Code”), published in Board Notice 58 of 2010.

A copy of this policy is available on our website: www.mua.co.za. Hard copies of the policy and Board Notice 58 of 2010 will be made available on request.

The directors, management and all employees of MUA Insurance Acceptances (Pty) Ltd (“MUA”) are committed to the highest level of ethical practices in all business dealings and partnerships. Affiliations may create or create the appearance of conflicting interests of the individual and the company. The Board has endorsed this policy to ensure the company dealings are not unduly influenced or bias. MUA strives to maintain a reputation of integrity, fairness, honesty and sound business practices by improving the quality of service, product and operations on a continuous basis.

2. MUA ASSOCIATES

MUA is an authorised financial services provider and is a subsidiary of Lireas Holdings (Pty) Ltd through the wholly owned shareholding ownership by Lireas Holdings (Pty) Ltd. Lireas Holdings (Pty) Ltd is a 70% subsidiary of Hannover Reinsurance Group Africa (Pty) Ltd with 30% shareholding held by of Mahogany Private Equity (Pty) Ltd.

As an underwriting manager, MUA has entered into a Binder Agreement with Auto & General Insurance Company Limited and has entered into various intermediary and outsourcing agreements with various brokerages. As the list of brokers is continuously updated, same is available on prior written request.

3. PURPOSE

This Policy seeks to identify the existence of any Conflicts of Interest, adopt and implement measures to avoid any Conflicts of Interest and where this is not possible to mitigate any conflict and to disclose the existence of a Conflict of Interest to clients. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy and Regulations as well as to highlight the consequences of non-compliance with the Policy by employees and representatives of the FSP’s that subscribe to this Policy.

The Policy provides a guide as to what constitutes a Conflict of Interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. This Policy is by no means an exhaustive analysis addressing every Conflict of Interest situation that might arise. The Policy is intended to assist employees in making the right decisions when confronted with potential Conflicts of Interest.

4. WHAT IS CONFLICTS OF INTEREST?

Conflict of Interest means any situation in which a FSP or a representative of that FSP, has an actual or potential interest in rendering a financial service to a client that could-

- 4.1.1 influence the objective performance of his, her or its obligations to that client; or
- 4.1.2 prevent a FSP or its representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including but not limited to-
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

5. WHAT IS FINANCIAL INTEREST?

A **financial interest** can take any of the following forms - cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic, or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations.

This list is not exhaustive and there are exceptions such as - an ownership interest and training that is not exclusively available to a selected group of providers or representatives, in respect of product and legal matters relating those products, general financial and industry information and specialised technological systems of a third party that are necessary for the rendering of a financial service but excluding travel and accommodation associated with that travel.

6. WHAT IS IMMATERIAL FINANCIAL INTEREST?

An **immaterial financial interest**, means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000.00 in any calendar year from a third party in that calendar year received by,

- a provider who is a sole proprietor,
- a representative' for that representative's direct benefit and
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representative.

A provider/representative can spend up to a maximum of R1000.00, per calendar year, per financial service provider and/or a representative on amongst other things, training, vouchers, provision of marketing materials, gifts, cash, discounts, and rewards and other incentives or considerations. One is obliged to maintain a proper record of any financial interest provided.

The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with clients and or a provider's clients. Reasonable business entertainment and client gifts of immaterial financial interest are permitted, including promotional events, provided that the offer is

consistent with usual business practice and cannot be viewed as bribe or a payoff and certainly cannot be in violation of this Policy.

7. AVOIDING CONFLICTS OF INTEREST

- 7.1 MUA will avoid, and where not possible, reduce conflicts of interest with a client or a representative of the client;
- 7.2 Should any conflicts of interest be identified and such a conflict cannot be avoided, this shall be disclosed in the appropriate manner in order to mitigate the conflict of interest as far as reasonably possible;
- 7.3 Any new business ventures MUA wishes to pursue shall be assessed against this policy in order to ensure compliance with this policy and the applicable legislation;
- 7.4 MUA has a conflict of interest and a gift register where all immaterial interest offered or received is noted. These registers are audited regularly in order to manage conflicts accordingly;
- 7.5 MUA confirms that it will only offer or receive a financial interest to or from a third party in the form of:
 - 7.5.1 commission authorised under the Short-Term Insurance Act, No 53 of 1998;
 - 7.5.2 fees authorised under the Short-Term Insurance Act, No 53 of 1998;
 - 7.5.3 fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably consistent with the service being rendered;
 - 7.5.4 an immaterial financial interest;
- 7.6 MUA confirms that it will not offer any financial interest to a representative for:
 - 7.6.1 giving preference to quantity of business secured to it with the exclusion of the quality of service rendered to the clients;
 - 7.6.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 7.6.3 giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

Directors, managers and employees of MUA must never allow their personal interests to conflict, prejudice or potentially prejudice the company, its clients or associates. This may include but is not limited to influencing a transaction that may benefit a third party or MUA at the expense of a client.

- 7.7 Directors, managers and employees are not allowed to accept gifts or other benefits/rewards in connection with business activities which is beyond the accepted norms. The following applies to all gifts:
 - 7.7.1 A gift or receipt of more than one gift from the same representative or service provider, over the value (fair market value on date received) of R 1 000 in one calendar year may NOT be accepted; Where the value of a gift is excessive, it must be returned gracefully;
 - 7.7.2 Gifts below R 300 may be accepted without management approval. Details of the gift must be declared and recorded in the "Conflict of Interest & Gifts register";

- 7.7.3 Gifts between R 300 to R 1 000 in value may only be accepted with consent from management. These gifts must be recorded in the "Conflict of Interest & Gifts Register" (in same manner as 6.2);
- 7.7.4 Invitations to breakfast/lunch/dinners within business practices may be accepted. The fair value of the breakfast/lunch/dinner needs to be recorded in the "Conflicts of Interest and Gifts register" (in same manner as 6.2);
- 7.7.5 Invitations to entertainment functions such as sports events, shows or any social occasion may be accepted if it is in accordance with business practices, provided that a representative of the host company is present; . The fair value of the entertainment needs to be recorded in the "Conflicts of Interest and Gifts register" (in same manner as 6.2);
- 7.7.6 When in doubt whether a gift is acceptable or not, then the gift must be discussed with Management, and if consent is provided to accept, same is to be declared and recorded in the "Conflict of Interest & Gift Register";
- 7.7.7 A "The Conflict of Interest and Gifts Register" shall be maintained by each Regional Manager in the company; copies thereof to be supplied to the Legal and Compliance Manager on a monthly basis;
- 7.7.8 The payment of travel and accommodation costs by business partners or third parties is not acceptable under any circumstances;
- 7.7.9 No employee may ask business partners for any financial advantages, gifts, invitations to business dinners or events, other concessions, services or favours either for himself/herself or for others;
- 7.7.10 Discounts or other concessions for private business transactions which are granted by business partners may only be accepted if such privileges are made available to all employees of the Company.

8. COMPLIANCE

- 8.1 All directors, managers and employees must read Board Notice 58 of 2010 and this policy.
- 8.2 Training on Board Notice 58 of 2010 and this policy will be provided to all employees by the company's Legal & Compliance Officer. Attendance at the training shall be documented and stored.
- 8.3 MUA may not avoid, limit or circumvent compliance with this policy and Board Notice 58 of 2010.
- 8.4 This policy will be reviewed annually and updated if necessary.
- 8.5 Any person in breach of this policy and Board Notice 58 of 2010, will be subject to disciplinary hearing and if found guilty, may lead to summarily dismissal, which will include debarment in terms of the Financial Advisory and Intermediary Services Act, where applicable.
- 8.6 It is herewith confirmed that an assessment of possible conflicts have been completed with regard to Financial Interest, Ownership, or relationships with third party companies, staff, product suppliers and service providers, which is regularly monitored to ensure that potential conflicts in the future is avoided or if not possible, mitigated.

APPROVED BY THE BOARD

26 May 2016