IZDARA
UNDERWRITING MANAGERS

Conflict of Interest Policy

Izdara Underwriting Managers (Pty) Ltd

FSP: 44785

Izdara Underwriting Managers (Pty) Ltd (Reg No. 2008/004372/07)
Telephone (087) 825 1149 • Email: info@activationagency.co.za
Acacia Building, Ground Floor, Hurlingham Office Park, Woodlands Drive, Hurlingham, Sandton

Directors: Suleman Shaik, Mohamed Zain Randeree (Non-Executive)
Izdara Underwriting Managers (Pty) Ltd is an Authorised Financial Services Provider (FSP44785)

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1. Purpose and Scope

The purpose of this Conflicts of interest Policy is to outline a suitable approach and response to the identification and management of conflicts of interest.

Izdara Underwriting Managers (Pty) Ltd is an authorized Financial Services Provider and thus governed by the Financial Advisory and Intermediary Services Act.

2. Definitions

PHRASE	DEFINITION
"Conflicts of Interest"	Any circumstance described in *Explaining Conflicts of interest* below…
"FSP" or "The Activation Agency"	Izdara Underwriting Managers (Pty) Ltd is a Financial Services Provider authorised in terms of the Financial Advisory and Intermediary Services Act 2002.
"Responsible Person"	A key individual, representative, employees of FSP, or employee of a Product Supplier or FSP.
"Financial Interest"	A financial interest includes cash, cash equivalent, voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or other incentive, or valuable consideration other than a) an ownership interest b) training by a product supplier on products, general industry information and technical systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training
"Ownership Interest"	a) an equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by 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;
"Immaterial Financial Interest"	Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received 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 or some or all of its representatives, aggregates the immaterial financial interest paid to its representatives
"Third Party"	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 provider or its representatives.

"Distribution channel"	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, supports 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.
"Associate"	(a) in relation to a natural person, means: -a person who is recognised in law or the tenets of religion as the spouse, life partner -or civil union partner of that person; -a child of that person, including a stepchild, adopted child and a child born out of wedlock; -a parent or stepparent of that person; -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; -a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs (ii) to (iv); -a person who is in a commercial partnership with that person; (b) in relation to a juristic person – 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 which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act; which is not a company or a close corporation as referred to in subparagraphs (1) or (2), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person

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(aa) had 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; means 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 –

means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;

includes any trust controlled or administered by that person.

Explaining Conflicts of Interest:

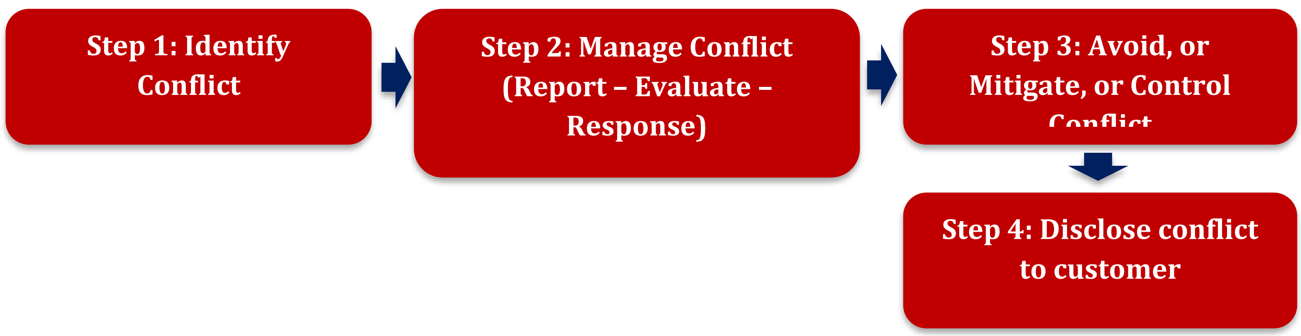
A "conflict of interest" involves the actual, apparent or potential abuse of the trust that people have in professionals. The simplest working definition states: A conflicts of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity. An apparent conflicts of interest is one in which a reasonable person would think that the professional's judgment is likely to be compromised. A potential conflict of interest involves a situation that may develop into an actual conflicts of interest. It is important to note that a conflict of interest exists whether or not decisions are affected by a personal interest. A conflict of interest implies only the potential for bias, not the likelihood.

Conflicts of interest in terms of the FAIS Act can be described as circumstances where some or all of the interests of clients to whom a financial services provider or product supplier provides financial services or products, are inconsistent with, or diverge from, some or all of the interests of the FSP, its representatives or the product supplier.

It should be understood that the conflicting interest referred to throughout this policy may be direct or indirect (the interest might be that of the Responsible Person, that of another person such as a relative or friend of the Responsible Person, or that of an organization in which the Responsible Person or such other person has an interest).

It is not possible to list all situations which could constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict.

3. Procedures for management of conflicts of interest identification



To adequately manage conflicts of interest, Izdara Underwriting Managers (Pty) Ltd shall identify all relevant conflicts timeously.

Step 1: Identify the conflict
The responsible person needs to identify if he/she is serving the customer's interests.

In order to provide financial services before the customer relationship is established and while an existing customer relationship is present. The responsible person needs to ask themselves the following questions:

- Is the company or my interests aligned with the customer's needs?
- Am I acting independently, objectively and professionally towards the customer?
- In who's interests am I acting, the customers, or in my own interest or the company's or someone else's?

The responsible person will not be acting in the customer's interests if they have an actual or potential interest that can prevent them from acting fairly, independently and objectively.

If a conflict of interest is suspected, it must be reported.
When the responsible person identifies a conflict of interest, even if they are not sure if it is a conflict, they have a duty to report it to the Compliance Management, who will record it in the Conflict of Interest Register.

Step 2: Manage conflict
The Compliance Management and Compliance Officer needs to manage the conflict of interest by evaluating and reviewing the information provided to them and proceed with establishing recommendations.

The evaluation of information must include:

a) Reviewing case perceived conflict of interest information provided to Compliance Management
b) If possible conflict can be avoided by termination the relationship, and what steps needs to be taken in order to do so
c) If conflict cannot be avoided then reasons must be given

d) The impact of the conflict must be established on the FSP which might include financial-, reputational damage or regulatory compliance violations.

e) If conflict can be mitigated by looking at control over conflict, and which measures will lessen the conflict on the FSP or customer.

f) Developing the disclosures which needs to be made to the customer

g) In which manner and by when the customer or FSP will communicate to inform about conflict of interest.

h) Record keeping of the conflict in the Conflict of Interest Register.

Step 3: Avoid, Mitigate or control the conflict
When the recommendation is made by the Compliance Management to resolve the conflict of interest.

The following must be completed:

a) In the case of where the conflict can be avoided by terminating the relationship, this should be done then at this stage. The affected party then needs to be informed as prescribed in the recommendations made by Compliance Management.

b) In the case of where the conflict of interest cannot be avoided or mitigated then the case needs to be recorded, controlled and actively managed. The impact of the conflict must be controlled to reduce effect on FSP or customer which might include financial-, reputational damage or regulatory compliance violations. The necessary disclosure needs to be made to the FSP or customers which is possibly negatively affected and in which way the FSP has reduced that possible effect.

Step 4: Disclose conflict to customer
Informing the client of conflict when the investigation has been completed and recommendation has been provided by Compliance Management.

a) Disclose to customer the conflict which has taken place
b) Disclose to customer the recommendations for managing or mitigating the conflict
c) Provide and disclose to customer the relationship with third party which has caused the conflict of interest
d) Provide sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict must be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction.
e) Provide and disclose to customer any 'ownership interest' or 'financial interest' or responsible person may have that would benefit the responsible person or FSP.
f) Provide and disclose where the client may obtain the Conflict of Interest Management Policy.

Disclosures to the customer must show accountability and resolution of conflicts in an effective manner.

Izdara Underwriting Managers (Pty) Ltd shall maintain a register of identified conflicts of interest. The register will be compiled in conjunction with the Izdara Underwriting Managers (Pty) Ltd and updated with all new conflicts as soon as it they are identified. The register is reviewed on an annual basis for completeness.

4. Managing Conflicts of Interest

Once a conflict has been identified it needs to be appropriately and adequately managed. Management and compliance assesses each conflict and whether the conflict is actual or perceived and what the value of the conflict or exposure is and the potential reputational risk.

Compliance and management shall decide whether it is viable to go ahead with the transaction or if the conflict is too severe, decline to act.

If Compliance and management decide that the particular conflict can be mitigated, they need to agree on the controls that should be put in place to manage the conflict. The controls have to be documented in the Conflicts of interest Register.

Conflict of Interest Management Policy Training

- All Responsible persons, contractors and temporary workers will annually receive appropriate training on this policy.
- All newly recruited Responsible person must attend a training session during their induction program.
- The Compliance Management will co-ordinate and facilitate training interventions for FSP Responsible persons.
- All Responsible persons must complete an assessment in order to record compliance with the policy.
- Training materials for FSP Responsible persons must include reference to the conflict of interest management policy document.

Consequences of Non-Compliance

- The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act.
- The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.
- Responsible person's failure to make the necessary disclosures could be seen as a transgression and will be dealt with in terms of FSP's Disciplinary Code or may result in civil or criminal prosecution.
- All potential transgressions of this policy must be investigated fairly and objectively and be reported by Compliance Officer to the Management for a decision.

Accessibility of Conflict of Interest Management Policy

This policy document will be made available to all FSP responsible person through our website and management to ensure that it is easily accessible for inspection by responsible persons, clients and third parties at all reasonable times.

5. Specific Confirmations

Izdara Underwriting Managers (Pty) Ltd may only receive or offer the following financial interests from or to a third party:

- commission or fees authorised under the Long-term Insurance Act (Act 52 of 1998), Short-term Insurance Act (Act 53 of 1998), if those fees are reasonably commensurate to a service being rendered;
- fees for the rendering of a financial service in respect of which commission or fees referred to in the point above is not paid, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of that client;
- 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;
- an immaterial financial interest; and
- a financial interest, 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 provider or representative at the time of receipt thereof.

5.2.1 Izdara Underwriting Managers (Pty) Ltd may not offer any financial interest to a representative for:

- giving preference to the quantity of business secured for Izdara Underwriting Managers (Pty) Ltd to the exclusion of the quality of the service rendered to clients; or
- giving preference to a specific product supplier, where a representative of Izdara Underwriting Managers (Pty) Ltd may recommend more than one product supplier to a client; or
- giving preference to a specific product of a product supplier, where a representative of Izdara Underwriting Managers (Pty) Ltd may recommend more than one product of that product supplier to a client.

5.2.2 Izdara Underwriting Managers (Pty) Ltd sets limits regarding giving and receiving immaterial financial interests to and from third parties, including product suppliers, financial services providers and any associated companies.

5.2.3 These rules are contained in the Izdara Underwriting Managers (Pty) Ltd Immaterial Financial Interest Rules in Conflict of Interest Management Policy. The reason for these limits is to prevent you from influencing or being influenced in a business transaction by gifts or other benefits.

5.2.4 The rules apply to any Izdara Underwriting Managers (Pty) Ltd employee in connection with a product supplier, a financial services provider and any of their associated companies. If you are not sure if you may receive or give a gift or other benefit, ask the compliance officer or Compliance Manager.

5.2.5 The rules state that you may not give or receive a gift or any other benefit from a product supplier, a financial services provider and any of their associated companies. You may, however, receive or spend up to R100 a time on incidental benefits incurred during normal business interactions. The annual limit is R1 000.

6. Duties of The Activation Agency management and compliance officers

6.1 Izdara Underwriting Managers (Pty) Ltd management has overall responsibility for this policy

Izdara Underwriting Managers (Pty) Ltd management must:

- provide leadership and an example to all employees regarding conflict of interest issues;
- establish control measures;
- ensure that appropriate controls are developed and put into place for the policy to operate effectively. These controls must help to identify, avoid, evaluate and control actual and potential conflicts;
- ensure that Compliance have signed off on all product documents;
- sign the Conflict of Interest Register once a year;
- monitor its controls; and
- set up monitoring measures to ensure its controls are effective.

6.2 With regards to employees, Izdara Underwriting Managers (Pty) Ltd management must:

- Communicate this policy to all employees;
- Ensure that all employees observe it; and
- Take action if the policy is not observed (this could include correcting the problem or disciplinary action).

6.3 With regards to clients, Izdara Underwriting Managers (Pty) Ltd management must:

- Develop and implement a system to disclose any conflicts of interest to the client;
- Ensure that disclosures are in writing and sent to the client as soon as possible;
- Ensure these disclosures have reached the client; and
- Ensure clients understand the content of the disclosures.

6.4 The compliance officer must monitor controls and reporting

The compliance officer, is responsible for:

- Making sure that the controls are being carried out and that accurate and relevant reports are submitted to Izdara Underwriting Managers (Pty) Ltd management;
- Making sure that the controls make it possible to comply with this policy and the FAIS Code of Conduct;
- Regularly reporting details of the controls in place, if they are being carried out and if they are being followed to management;
- Reporting any situation where either this policy or the FAIS Code of Conduct was not observed. This must be part of the compliance monitoring report and must be submitted this report to the board of directors, and, if necessary, the Regulator;
- Putting in place a Conflict of Interest Register; and
- Keeping records of all identified and reported conflicts in the Conflict of Interest Register, and showing how the company controlled and monitored compliance.

7. General

1. A Provider or Representative must **inform a client of the conflicts of interest management policy** and how it may be accessed.
2. **Register of "Associates"** of Izdara Underwriting Managers (Pty) Ltd- as defined in Definitions (Appendix A)
3. **Register of Conflicts of Interest** open for viewing on request. The register identifies all conflicts as well as the mitigation controls put in place to manage the conflict. The register is updated when a conflict becomes apparent, but reviewed at least on an annual basis. (Appendix B)
4. **Register of Personal Interest**, documenting the business interests of a Responsible Person to the extent that such business interest might cause an actual or perceived conflicts of interest. (Appendix C)
5. **Register of Gifts Received**, documenting all financial interests and immaterial financial interests offered to or received by a Responsible Person. (Appendix D)
6. **Comprehensive Training** on the Conflicts of interest Policy must be provided to Key Individuals and Representatives
7. All employees and representatives are required to read this policy and sign a statement to the effect that they have read and fully understand the provisions of the document and the application thereof.
8. Internal compliance will on an ad hoc basis check on financial records to ensure the policy is being complied with, specifically checking the accuracy of the Gift Register.
9. 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.
10. Avoidance, limitation or circumvention of this policy will be deemed non-compliance.
11. The external compliance officer will include monitoring of the Conflicts of interest Policy as part of the general monitoring duties, and will report thereon in the annual compliance report to the FSCA.

8. Practical Guide

"The R1000 Rule" - Key Individuals and Representatives of the FSP are not allowed to spend on, or receive from Key Individuals or Representatives of other FSPs an "immaterial financial interest" of more than R1000 per year.

This includes, but is not limited to:

Money Vouchers More business Gifts Shares Sponsorships	Services Discounts Accommodation / Overseas trips Entertainment Travel Tickets for rugby or cricket matches

Note that the R1000 limit applies per Representative, and not per FSP or Product Supplier.

Example: an FSP called "Best Interests At Heart" has 500 representatives on its license. Izdara Underwriting Managers (Pty) Ltd may spend R1000 per year in "immaterial financial interest" on each individual representatives of Best Interests At Heart FSP.

You may not aggregate this amount across the FSP, and spend say R3000 on some representatives, and average the amount out by not spending any money on some of the representatives.

Similarly, representatives from Izdara Underwriting Managers (Pty) Ltd may not receive more than R1000 worth of gifts, hospitality, meals etc. from another FSP or Product Supplier in a calendar year.

Bona fide training/information sessions are specifically excluded from the above prohibition is bona fide training on products and/or technical systems, or general industry information sessions.

Please note:

- The sessions cannot be available only to a selected group of people.
- The other FSP or Product Supplier is not allowed to pay for the accommodation or travel costs of the attendees. Lunch or beverages may be provided with these sessions, as long as it is incidental to the session, and provided that it is not the focus of the session.

Example:
Izdara Underwriting Managers (Pty) Ltd may organise an industry information session at the Mount Nelson Hotel. Izdara Underwriting Managers (Pty) Ltd cannot only invite the Representatives with the largest volume of sales. There have to be other qualifying criteria determining the list of invitees. Meals and drinks may be provided, as long as it is incidental to the training/information session, and not excessive.

9. Appendices

Appendix A - Representative Incentivisation

The Code of Conduct to the Financial Advisory and Intermediary Services Act (FAIS) requires Izdara Underwriting Managers (Pty) Ltd to give information on how our different categories of representatives qualify for a financial interest.

Izdara Underwriting Managers (Pty) Ltd FAIS Category I representatives receive all remuneration from Clientele Life and/or Izdara Underwriting Managers (Pty) Ltd in the form of fees and / or commission and salary component.

Izdara Underwriting Managers (Pty) Ltd representatives are our employees. Although our representatives are accredited for a range of Clientele Life solutions, we believe that the preferred product range is best aligned to our intermediary sales process and its expected outcomes.

While we will always act in your best interest, earnings from implementation into our preferred solutions may create an actual or perceived conflict of interest. We disclose this information so that the client can consider any consequences of the relationship before we engage in our financial intermediary sales processes with a client.

Izdara Underwriting Managers (Pty) Ltd representatives may earn a salary plus bonuses. All bonuses and incentives are based on a range of criteria that includes performance standards and various business factors.