Conflict of Interest Policy
Compendium Insurance Brokers (Pty) Ltd
FSP10409 & FSP10405

Compendium Insurance Brokers Gauteng (Pty) Ltd
FSP16142

Compendium Insurance Brokers Eastern Cape (Pty) Ltd
FSP38531

Compendium Insurance Brokers Zululand (Pty) Ltd
FSP39116

Compendium Insurance Brokers Pietermaritzburg (Pty) Ltd
FSP3739

Compendium Insurance Brokers Cape Town (Pty) Ltd
FSP6386

Watersure (Pty) Ltd
FSP34972

Swift Auto Brokers (Pty) Ltd
Juristic representative of FSP10409

Cignet Administration Services (Pty) Ltd
FSP45313

Taxi and Transport Insurance Brokers (Pty) Ltd
FSP4706

JULY 2015
BACKGROUND

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. The policy is to provide mechanisms at Compendium to identify, mitigate and manage conflicts of interest. The Conflict of Interest Management Policy is described 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, and amended by Board Notice 43 of 2008.

The 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 Services Board. In terms of the Financial Advisory and Intermediary Services Act, 2002, Compendium is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. Compendium has put in place a policy to safeguard its clients’ interests and ensure their fair treatment. All providers, key individuals, representatives, associates and administrative personnel will comply with this policy and the process will be monitored on an ongoing basis.

Compendium keeps and maintains a register in which all actual or potential conflicts of interest are recorded.

MISSION STATEMENT ON CONFLICT OF INTEREST

Compendium is committed to ensuring that all business is conducted in accordance with good business practice. To this end Compendium conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interest. Like any financial service provider, Compendium is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients is our primary concern and as such our policy sets out the following:

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; we have established appropriate structures and systems to manage those conflicts; and we will maintain systems in an effort to prevent damage to our clients’ interest through identified conflicts of interest.
UNDERSTANDING THE DEFINITIONS

Conflict of Interest:

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 financial interest:

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 –

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. specialized technological systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with that training.

An ownership interest:

(i) any equity or propriety interest for which a fair value was paid on acquisition other than such an interest held by a nominee;

(ii) includes any dividend, profit share or similar benefit derived from such interest.

Any relationship with a third party such as

(i) a product supplier;

(ii) another provider;

(iii) an associate of a product supplier or a provider;

(iv) a distribution channel;

(v) any person who in terms of an agreement with a person referred to in paragraphs (i) to (iv) above provides a financial interest to a provider or its representatives.

Immaterial financial interest:

Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 (one thousand rand) in any calendar year from the same third party.

Fair value:

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.
WHAT MAY WE GIVE AND RECEIVE

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

(i) Commission authorized under the Long –Term Insurance Act, 52 of 1998;
(ii) Commission authorized under the Short –Term Insurance Act, 53 of 1998;
(iii) Commission authorized under the Medical Schemes Act, 131 of 1998;
(iv) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
(v) 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;
(vi) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
(vii) Subject to any other law, an immaterial financial interest;
(viii) 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.

Breakdown of Fees:
Broker Fees: Monthly policies up to a maximum of R 20.00 plus 10% of GWP
Annual policies up to a maximum of R 240.00 plus 10% of GWP

Various Outsourced & Binder Functions
Cignet Administration Services, Compendium Insurance Brokers and Compendium Insurance Brokers
Pietermaritzburg receives fees for outsourced and binder functions performed on behalf of insurers. Some of these insurers include Hollard, Santam, New National, Zurich, Mutual & Federal, AIG, Lion of Africa, One, Lloyds and Infiniti. The fees are not based on profit and the ultimate claims decision is made by the insurance company concerned.

REMUNERATION POLICY

Our remuneration policy is described in the Disclosure Notice of the policy schedule.

PROCESSES AND INTERNAL CONTROLS

Identification of Conflict of Interest

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 a policy applies, Compendium considers whether there is a material risk of damage to the client, taking into account whether Compendium, its representatives, associates or employees:

is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
has 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 that in the outcome;
has a financial or other incentive to favor the interest of another client, group of clients or any other third party over the interests of the client;
receives or will receive from a person other than a client, an inducement in relation to a service to the client in the form of monies, goods and services, other than the legislated commission or reasonable fees for that service.
Our policy defines possible conflicts of interest as, inter alia:

conflicts of interest between Compendium and the client;
conflicts of interest between our clients if we are acting for different clients and the different interests 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;
by holding confidential client information, which if we disclosed or used would affect the advice or services provided to client.

Compendium 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.

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 may 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.

MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST

Create awareness and knowledge of applicable stipulations of the general Code of Conduct and relevant legislation relation 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 of all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Keep a register of the conflicts of interest.

Identification of each conflict including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Implementation of controls to manage the conflict.

Disclosure:

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the clients interests, the conflict must be disclosed to allow the client to make an informed decision. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements must be disclosed to the client.
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.

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.

ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

This policy will be reviewed annually and included in our annual FSB compliance report. It will contain details on the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy. The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters as well as conduct ad hoc checks on business transactions to ensure the policy has been complied with.

TRAINING AND STAFF

All employees and representatives are required to read Board Notice 58 of 2010 and the Conflict of Interest Management 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 Management Policy will be provided to all employees and representatives and employees.

The Compliance Officer will include monitoring of the conflict of interest management policy as part of their general monitoring duties and will report thereon in the annual compliance report. Non-compliance by employees and representatives will be subject to disciplinary procedures in terms of FAIS and can ultimately result in debarment of the individual avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

REPRESENTATIVE INCENTIVES

We confirm we will not offer any financial interest to our key individuals or representatives for –(i) favouring quantity of business over quality of service; or (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or (iii) giving preference to a specific product of a suppliers where more than one product of that supplier can be recommended.

REGISTERS

With regard to existing third party relationships, which are listed in our Disclosure Notice, we confirm that we do not have an ownership interest nor 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.

Compendium has implemented the following registers:

Nature and Extent of Ownership Interests

1. Financial Interest Received
3. Associations
Register of Financial Interests, Ownership Interests and Business Relationships

At Compendium we believe in open, honest and transparent interaction with our clients. In the course of our business activities situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At Compendium we take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest, but would gladly address any concerns you may have. Please refer to annexure 1 for complete lists.

We may also enjoy a preferred status with one or more of the product supplier companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier, but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to annexure 2 for complete details of these business relationships.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in annexure 3.

External Compliance Officer - FSP10409, FSP10405, FSP16142, FSP39116, FSP34792, FSP45313 & FSP4706

National Compliance CC (Practice Number 1307) is our Compliance Officer. National Compliance CC is an authorized compliance practice that fulfils the compliance function for Financial Services Providers (FSP’s) on an outsourced basis to ensure compliance within the Financial Advisory & Intermediary Services Act (FAIS) and Financial Intelligence Centre Act (FICA) Framework.

External Compliance Officer - FSP38531

Moonstone Compliance (Pty) Ltd. (Practice Number 188) is our Compliance Officer. Moonstone Compliance (Pty) Ltd. is a subsidiary of Moonstone Information Refinery (Pty) Ltd. Moonstone Compliance (Pty) Ltd. Is an authorized practice that fulfils the compliance function for Financial Services Providers (FSP’s) on an outsourced basis to ensure compliance within the Financial Advisory & Intermediary Services Act (FAIS) and Financial Intelligence Centre Act (FICA) Framework.

External Compliance Officer - FSP3739 & FSP6386

PS Compliance Warehouse (Pty) Ltd. (Practice Number 0363) is our Compliance Officer. PS Compliance Warehouse (Pty) Ltd. is an authorised compliance practice that fulfils the compliance function for Financial Service Providers (FSP’s) on an outsourced basis to ensure compliance with the Financial Advisory and Intermediary Services Act (FAIS) and Financial Intelligence Centre Act (FICA) Framework.
Various Entities

FSP NAME: COMPENDIUM INSURANCE BROKERS (PTY) LTD
COMPANY REGISTRATION NO.: 2000/009588/07
FSP NUMBER: FSP10409 & FSP10405
KEY INDIVIDUAL/S: Rowan Andrew Jones, Jonathan Robertson, Noel Martin Swart,
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: COMPENDIUM INSURANCE BROKERS GAUTENG (PTY) LTD.
COMPANY REGISTRATION NO.: 2010/004380/07
FSP NUMBER: FSP16142
KEY INDIVIDUAL/S: Wesley Gormley, Brett Bystydzienski
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: COMPENDIUM INSURANCE BROKERS EASTERN CAPE (PTY) LTD.
COMPANY REGISTRATION NO.: 2008/004360/07
FSP NUMBER: FSP38531
KEY INDIVIDUAL/S: Gareth John Puttenham Reeves, Andrew Reeves
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: COMPENDIUM INSURANCE BROKERS ZULULAND (PTY) LTD.
COMPANY REGISTRATION NO.: 2008/004917/07
FSP NUMBER: FSP39116
KEY INDIVIDUAL/S: Rowan Andrew Jones, Anthony Collins
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: COMPENDIUM INSURANCE BROKERS PIETERMARITZBURG (PTY) LTD
COMPANY REGISTRATION NO.: 2004/003217/07
FSP NUMBER: FSP3739
KEY INDIVIDUAL/S: Rowan Andrew Jones, David Ronald Brauteseth
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: COMPENDIUM INSURANCE BROKERS CAPE TOWN (PTY) LTD
COMPANY REGISTRATION NO.: 2014/277987/07
FSP NUMBER: FSP6386
KEY INDIVIDUAL/S: Rowan Andrew Jones, David Ronald Brauteseth
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

FSP NAME: WATERSURE (PTY) LTD.
COMPANY REGISTRATION NO.: 2004/027733/07
FSP NUMBER: FSP34972
KEY INDIVIDUAL/S: Rowan Andrew Jones, David Pickford
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

COMPANY NAME: SWIFT AUTO BROKERS (PTY) LTD
COMPANY REGISTRATION NO.: 2006/027398/07
FSP NUMBER: It is noted that Swift Auto Brokers (Pty) Ltd is a juristic representative of FSP10409.
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

COMPANY NAME: CIGNET ADMINISTRATION SERVICES (PTY) LTD
COMPANY REGISTRATION NO.: 2004/029524/07
FSP NUMBER: FSP45313
KEY INDIVIDUAL/S: Rowan Andrew Jones, Debbie Crofts
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

COMPANY NAME: TAXI AND TRANSPORT INSURANCE BROKERS (PTY) LTD
COMPANY REGISTRATION NO.: 1992/003744/07
FSP NUMBER: FSP4706
KEY INDIVIDUAL/S: Julie Helena Gascoigne, Heather Lynn Nelson
REPRESENTATIVES: The Company employs a number of representatives who are compliant in terms of FAIS Regulations.
Annexure 1

Financial Interest Received

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 –

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. specialized technological systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with that training.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date Received</th>
<th>From</th>
<th>Reason</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Annexure 2

#### Business Relationship

<table>
<thead>
<tr>
<th>Company</th>
<th>Name of relation</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cignet Administration Services (Pty) Ltd</td>
<td>Common shareholder &amp; refer to page 2</td>
<td>Refer to page 2</td>
</tr>
<tr>
<td>Watersure (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Compendium Insurance Brokers - Gauteng (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Compendium Insurance Brokers - Eastern cape (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Swift Auto Brokers (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Compendium Insurance Brokers Pietermaritzburg (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Compendium Insurance Brokers - Zululand (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Compendium Insurance Brokers Cape Town (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
<tr>
<td>Taxi and Transport Insurance Brokers (Pty) Ltd</td>
<td>Common shareholder</td>
<td>None</td>
</tr>
</tbody>
</table>

Compendium Group Investment Holdings (Pty) Ltd have ownership in all the entities listed above with some of the entities having common shareholders.
**Annexure 3**  
**Ownership Interest**

Any equity or proprietor interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a propriety interest held as an approved nominee on behalf of another person. This includes dividend, profit share or similar benefit derived from that equity or ownership interest.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Percentage Ownership</th>
<th>Date Obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Group (Pty) Ltd</td>
<td>88%</td>
<td>2014</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Gauteng (Pty) Ltd</td>
<td>85%</td>
<td>2014</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Zululand (Pty) Ltd</td>
<td>33%</td>
<td>2011</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Eastern Cape (Pty) Ltd</td>
<td>55%</td>
<td>2014</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Swift Auto Brokers</td>
<td>50%</td>
<td>2006</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Cignet Administration Services (Pty) Ltd</td>
<td>90%</td>
<td>2011</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Watersure (Pty) Ltd</td>
<td>25%</td>
<td>2004</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Cape Town (Pty) Ltd</td>
<td>95%</td>
<td>2015</td>
</tr>
<tr>
<td>Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Pietermartizburg (Pty) Ltd</td>
<td>95%</td>
<td>2015</td>
</tr>
</tbody>
</table>

Compendium Group Investment Holdings (Pty) Ltd. is the majority shareholder of Compendium Insurance Group (Pty) Ltd. Bidvest Insurance Group (Pty) Ltd has a controlling interest of 51% in Compendium Group Investment Holdings (Pty) Ltd.