

# Conflict of Interest Policy

Board Approved | v5 | updated May 2025



## 1. CONFLICT OF INTEREST MANAGEMENT POLICY

This policy is drafted in terms of Board Notice 58 of 2010 of the Financial Advisory and Intermediary Services Act (FAIS) of 2002, the Good Corporate Governance Standards, the relevant Governance and Operational Standards for Insurers (GOI) and the Governance and Operational Standard for Insurance Groups (GOG) as well as any subsequent guidance issued by the PA.

The scope of this policy is applicable to New National Assurance Company Limited (NNAC) as a legal entity and as controlling company to which it has interests and participation in its subsidiaries.

## 2. DEFINITIONS

2.1 **Associate** 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 spouse, life partner 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.
- a close relative which is the immediate family and consists of one's parents, siblings, spouse, and children.

2.2 **Associate** in relation to a juristic person means in the case of the company," any subsidiary or holding company of that company, and any other subsidiary of that holding company and any other company of which that holding company is a subsidiary".

2.3 **Conflict of interest** means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -

- Influence the objective performance of his, her, its obligations to that client; or
- Prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client, Including, but not limited to a financial interest, an ownership interest, or any relationship with a third party.

2.4 **FAIS** means the Financial Advisory and Intermediary Services Act, No. 37 Of 2002.



**2.5 Financial Interest** means any 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 or training, that is not exclusively available to a selected group of providers or representatives, on the following:

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

**2.6 Financial Service** means the furnishing of advice and / or the rendering of any intermediary service.

**2.7 Immaterial Financial Interest** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party.

**2.8 Ownership Interest** means any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or any proprietary interest held as an approved nominee on behalf of another person; and includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

**2.9 Provider** means an authorised Financial Services Provider registered as such with the Financial Sector Conduct Authority.

### 3. NNAC ASSURANCE POLICY STATEMENT

The Directors, Management and Employees of NNAC aspire to the highest level of ethical conduct and are committed to complying with the regulatory requirements regarding “conflict of interest” as contained in Board Notice 58 of 2010 Financial Advisory Intermediary Services Act 2002.

#### 3.1 Identification

Before we conclude any prospective new business arrangement, we will identify whether there exists any potential conflict of interest, according to the above statutory definition.

The Head of Operations is responsible for the business relationship and to consider, if necessary, to avoid such situations.

#### 3.2 Avoidance, Mitigation & Disclosure

We will avoid, and if this not possible, mitigate any conflict-of-interest situations that may arise.

If suitable measures of avoidance is not possible then the Executive Management of NNAC will establish appropriate measures to mitigate and manage the identified conflict of interest.

Where actual or potential conflict of interest is identified NNAC will ensure that this is reported in writing to the client pointing out:

- The existence and description of the conflict.
- Its impact.
- Measures to mitigate and manage the conflict.



The client will be given the free choice whether he/she wishes to continue purchasing the product, following disclosure of conflict of interest.

### **3.3 Commissions and Fees**

Commissions will be paid as authorised in terms of the Short-Term Insurance Act, No. 53 of 1998.

Fees or Remuneration where due, will be paid for the rendering of services, which fees are commensurate to the services being rendered.

### **3.4. Personal Interests**

All employees of NNAC must never permit their personal interest to conflict with the interest of NNAC, its clients, or associates.

### **3.5 Consequences of Non-Compliance**

Any director, manager or employee who is in breach of this policy, including board Notice 58 of 2010, will be subject to internal disciplinary action if found guilty.

## **4. Internal Conflicts of Interest & Controls**

An internal conflict of interest exists where judgement, objectivity, independence and ability to make impartial decisions is compromised by the staff of NNAC. It refers to a situation where private interests (financial or otherwise) or personal considerations, may affect, or may even be perceived to affect, our judgement in acting in the best interest of NNAC.

Instances that may result in a conflict of Interest are as follows:

- a) Abuse of one's official position for personal gain,
- b) Hire, promote or directly manage a close relative, unless this has been specifically authorised,
- c) Request a personal gift or entertainment from a supplier, client or business partner,
- d) Offer or accept gifts and entertainment from an organisation involved in a bid or tender or evaluation and /or selection process with NNAC until the process has been fully concluded,
- e) Accept cash or cash vouchers from suppliers,
- f) Accepting or providing gifts and entertainment that unduly influences or appears to unduly influence business decisions.
- g) Using NNAC funds, services, products or facilities as contributions to assist political parties, candidates or campaigns.
- h) Getting involved in external business activities if it overlaps with or conflicts with duties at NNAC, or with its business.
- i) Opportunities providing you with personal material gain.
- j) Demands of outside activities that interfere with your job, and
- k) Select of business partners because they provide you with gifts and entertainment.



The main controls in dealing with internal Conflicts of Interest are:

- a) The three lines of defence (Management, Risk Management & Compliance and Internal Audit),
- b) Proper definition of roles and responsibilities that avoid overlap of functions,
- c) Escalation of any conflicts to the board and
- d) Internal control framework which is audited by Internal Audit.

