CONFLICTS OF INTEREST MANAGEMENT POLICY OF
INDEPENDENT DISTRIBUTION NETWORK (PTY) LTD – FSP 5779

1. INTRODUCTION

BN 80 of 2003 - General Code of Conduct for Authorised Financial Services Providers and Representatives (as amended) - at paragraph 3(1)(b) requires that when a provider renders a financial service, the provider and any representative must avoid and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and a client.

2. PURPOSE

This Policy seeks to regulate and control any prejudice to clients that could potentially arise as a consequence of conflicts of interest generally and in particular, as a consequence of non-cash incentives and benefits being offered by another provider, a product supplier or any other person to any person rendering financial services on behalf of **INDEPENDENT DISTRIBUTION NETWORK (PTY) LTD** (herein after referred to as "*the Provider")*.

Conflicts of Interest will be managed so as to ensure that at all times financial services are rendered honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

3. DEFINITIONS

The Provider trades as a Company incorporated with limited liability in terms of the Companies Act 71 of 2008 and accordingly, for the purposes of this Policy, the following words and expressions will have the following meanings:

"associate" in relation to the Provider, means any entity referred to in subparagraphs (i) to (vii) below who is also a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person who in terms of an agreement or arrangement with any product supplier, another provider, an associate of a product supplier or a provider, a distribution channel above provides a financial interest to the Provider or its representatives such an associate being:

(i) any subsidiary company of the Provider,
(ii) any holding company of the Provider,
(iii) any other subsidiary of any holding company of the Provider
(iv) any other company of which that holding company Is a subsidiary;
(v) any person in accordance with whose directions or instructions the board of directors of the Provider is accustomed to act;
(vi) 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 Provider;

(vii) any trust controlled or administered by the Provider.

"conflict of Interest" means any situation in which the Provider or any Representative has an actual or potential interest that may, in rendering a financial service to a Client,

a) influence the objective performance of his, her or its obligations to that client; or

b) prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client,

including, but not limited to

(i) a financial interest;

(ii) an ownership interest;

(iii) any relationship with a third party;

"distribution channel" means

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;

''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

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) specialised technological systems of a third party necessary for the rendering of a financial service;

but excluding travel and accommodation associated with that training;

"Immaterial financial Interest" means any financial Interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 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 of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

"ownership interest" means

a) any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as 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

"third party" means

a) a product supplier;
b) another provider;
c) an associate of a product supplier or a provider;
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

4. PERMITTED FINANCIAL INTERESTS

The following financial interests are permitted and are not regarded as constituting any actual or potential conflict of interest:

4.1. commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998);
4.2. fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) if those fees are reasonably commensurate to a service being rendered,
4.3. fees for the rendering of a financial service in respect of which commissions or fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
4.4. commission authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
4.5. fees authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998) if those fees are reasonably commensurate to a service being rendered
4.6. fees for the rendering of a financial service in respect of which commissions or fees authorised under the Short-term Insurance Act, 1998 (Act No. 53 of 1998)) are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
4.7. commission authorised under the Medical Schemes Act, 1998 (Act No. 131 of 1998);
4.8. fees authorised under the Medical Schemes Act. 1998 (Act No. 131 of 1998), if those fees are reasonably commensurate to a service being rendered
4.9. fees for the rendering of a financial service in respect of which commissions or fees authorised under the Medical Schemes Act. 1998 (Act No. 131 of 1998) are not paid, provided that such fees are specifically agreed to by the client in writing and may be stopped at the discretion of that client;
4.10. 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;
4.11. any financial interest in the form of cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration 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.
4.12. training, that is not exclusively available to a selected group of providers or representatives, on products and legal matters relating to those products excluding travel and accommodation associated with that training;
4.13. training, that is not exclusively available to a selected group of providers or representatives, general financial and industry information excluding travel and accommodation associated with that training;

4.14. training, that is not exclusively available to a selected group of providers or representatives, specialised technological systems of a third party necessary for the rendering of a financial service excluding travel and accommodation associated with that training;

4.15. any immaterial financial interest;

5. PROHIBITED FINANCIAL INTERESTS

Any financial interest described below that does not fall within the provisions of Paragraph 4 above (Permitted Financial Interests) is prohibited and may not be accepted under any circumstances:

5.1. Any **Cash Payment** received from any third party:

5.2. Any **Cash Equivalent** received from any third party:

5.3. Any **Voucher** received from any third party:

5.4. Any **Gift** received from any third party,

5.5. Any **Service** received from any third party:,

5.6. Any **Advantage** received from any third party:

5.7. Any **Benefit** received from any third party:

5.8. Any **Discount** received from any third party:

5.9. Any **Domestic or Foreign Travel** received from any third party:

5.10. Any **Hospitality** received from any third party:

5.11. Any **Accommodation** received from any third party:

5.12. Any **Sponsorship** received from any third party:

5.13. Any **other incentive or valuable consideration** received from any third party:

The **sole exceptions** to the prohibition on the receipt of the financial interests referred to above are when the aggregate of the determinable monetary value received in any calendar year from the same third party does not exceed R1 000 in that calendar year if received by the Provider, or does not exceed the sum of R1 000 multiplied by the total number of representatives if received by all or any representatives in any calendar year from the same third party.

6. DECLARATION OF THE PROVIDER'S OWNERSHIP INTEREST

6.1. Neither the Provider nor any Representative has any actual or potential equity or proprietary interest of any kind in any Third Party that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client

6.2. Neither the Provider nor any Representative receives any actual or potential dividend, profit share or similar benefit derived from any equity or ownership interest of any Third Party that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

7. DECLARATION OF OWNERSHIP INTEREST IN THE PROVIDER

7.1. No Third Party has any actual or potential equity or proprietary interest of any kind in the business of the Provider that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client

7.2. No Third Party receives any actual or potential dividend, profit share or similar benefit to the Provider that is derived from any equity or ownership interest that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or that may

prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

8. DECLARATION OF RELATIONSHIPS WITH THIRD PARTIES

8.1. Neither the Provider nor any Representative has any actual or potential relationship with any Third Party that may, in rendering a financial service to a Client, influence the objective performance of his, her or its obligations to that client or prevent the Provider or any representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

9. LIST OF ASSOCIATES

The Provider does not have any associate (as defined) who is a Third Party (as defined) and in respect of whom there is or may be any conflict of interest or any potential conflict of interest besides the following arrangements:

The provider has been appointed by one or more Medical Schemes as a preferred provider to market products to various state owned enterprises. In these cases the representatives of the provider do not render any advice, but only ensure that the employees are informed on the various options available to them. The employees then exercise their selected options and then complete the application forms which are submitted directly to the scheme. The provider is then responsible to continue to service these employees in future.

10. IDENTIFICATION OF CONFLICTS OF INTEREST

10.1. A conflict of interest involves the abuse - actual, apparent, or potential - of the trust that people have in professionals. A conflict of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity.

10.2. An apparent conflict 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 conflict of interest.

10.3. 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 likelihood.

10.4. It is the formal policy of the Provider to avoid as far as possible all actual and potential Conflicts of Interest.

10.5. In determining whether there is or may be a conflict of interest to which this Policy applies, the Provider shall, in particular, consider whether there is any risk of prejudice to any client, taking into account whether the Provider and/or any representative, associate or employee of the Provider:

10.5.1. is likely to gain financially, or avoid a financial loss, at the expense of the client;

10.5.2. 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 in that outcome;

10.5.3. has 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;

receives 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.

11. MANAGEMENT OF CONFLICT OF INTEREST

11.1. Any queries by employees of the Provider in regard to conflicts of interest potential, actual or apparent must be referred to **Erick Vischer** who is the person responsible for the identification and management of conflicts of interest. Any decision by the aforesaid Key Individual shall be final and binding.

11.2. The Provider shall establish and maintain a Gifts Register wherein all immaterial financial interests shall be recorded to ensure compliance with the limitations set for such immaterial financial interests.

11.3. This Conflict of Interest Policy shall be formally reviewed each year at the beginning of the year.

11.4. This Conflict of Interest Policy shall be viewed holistically and shall not concentrate on remuneration issues only. The Policy shall have as its sole purpose the intention of ensuring that at all times financial services are rendered honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry .

11.5. All Key Individuals of the business shall regularly review the terms and conditions of the relationship between the business and all product suppliers and other financial services providers in order to identify potential, apparent or actual conflicts of interest and shall also regularly review the procedures adopted to prevent such conflicts in compliance with this Policy.

11.6. Key Individuals shall be responsible for ensuring that all employees of the business are adequately exposed to the concept of Conflicts of Interest and shall provide appropriate training to employees and shall be responsible for ensuring the adherence of employees to the Policy.

12. MEASURES FOR THE DISCLOSURE OF CONFLICTS OF INTEREST

12.1. Where the Provider has considered the circumstances surrounding a possible Conflict of Interests and has determined for reasons that may have arisen at that time, that it is impossible to avoid such Conflict of Interest, the Provider shall at that time take such measures as may be reasonable to mitigate the prejudice to client.

12.2. In circumstances referred to in paragraph 12.1 above the Provider or Representative as the case may be shall be required to notify the client in of the possibility of the conflict and shall disclose full details of the nature of the possible prejudice to the client.

12.3. The written notification to the client shall also contain details and reasons why the Conflict of Interest cannot be avoided in the circumstances and the client shall be asked to confirm in writing that the Provider may proceed or continue to act in the particular matter, as the case may be.

13. PROCESSES, PROCEDURES AND INTERNAL CONTROLS

13.1. The Provider shall ensure that its employees, representatives and, where appropriate, associates are aware of the contents of this Conflict of Interest Management Policy and shall provide for appropriate training and educational material in this regard.

13.2. The Provider shall continuously monitor compliance with this Conflict of Interest Management Policy and shall at beginning of each year conduct a review of the Policy.

14. CONSEQUENCES OF NON-COMPLIANCE

14.1. If the Provider's Board of Directors has reasonable cause to believe that any employee, including any Key Individual, representative and/or any juristic representative has failed to disclose actual or possible conflicts of interest, it shall inform such individual/s of the basis for such belief and afford such individual/s an opportunity to explain the alleged failure to disclose.

14.2. If, after hearing the response of the individual/s in question and making such further investigation as may be warranted, the board or committee determines that the individual/s has/have in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

15. BASIS OF REPRESENTATIVE'S REMUNERATION

15.1. Every Representative shall be remunerated on such basis as may be determined in each instance and shall in all instances be based on the performance of the specific Representative: provided however that the Provider shall not reward or in any manner remunerate any Representative for:

15.1.1. giving preference to the quantity of business secured for the Provider to the exclusion of the quality of the service rendered to clients; or

15.1.2. giving preference to a specific product supplier, where the Representative in question may recommend more than one product supplier to a client; or

15.1.3. giving preference to a specific product of a product supplier, where the Representative in question may recommend more than one product of that product supplier to a client.

16. CONTACT DETAILS

16.1. Any queries in regard to this Conflicts of Interest Policy, including any report of any breach thereof, may be addressed to:

Name:	**Mr Erick Vischer**		
Tel No:	**082 440 7670**	Email:	**Erick @ vischer.co.za**

16.2. All such queries and reports will be kept in the strictest confidence and in circumstances where and employee of the Provider has reported any breach of this Policy, the Provider will use its best endeavours to protect the identity of such employee.