Conflict of Interest

Management Policy 2025

The purpose of the Econorisk Conflict of Interest Management Policy is to identify any potential conflicts as described by legislation and FAIS regulations and disclose how the conflicts will be mitigated if not avoidable. This policy will be reviewed annually

Version:	**0.2**
Updated by:	**Compliance**
Approved by:	**Board**
Adopted by:	**Chief Executive Office and Chief Financial Officer/Joint Key Individuals**
Effective date:	**07/2025**

EXECUTIVE SUMMARY

In our efforts to render financial services honestly, fairly, and with due skill, care and diligence, and in the best interests of our clients, as well as the integrity of the financial services industry, we uphold our responsibility to ensure that none of our Providers or Representatives have an actual or potential interest which can influence their objective performance when rendering a financial service to a client.

This policy ensures that our staff at Econorisk (Pty) Ltd, Econorisk Broker Consultants (Pty) Ltd, Econorisk Corporate Solutions (Pty) Ltd, and Xonrisk (Pty) Ltd are able to identify potential and actual conflicts of interest and are well equipped to manage it appropriately.

This policy defines how we at the Econorisk Group manage Conflict of Interests, as well as how we identify potential conflict of interest including disclosure thereof to clients, how we avoid conflict of interest or if so required, how we mitigate it.

The policy applies to the Board of Directors and all employees, third parties and associates where applicable, of the Econorisk group which consists of the following entities:

i. Econorisk (Pty) Ltd
ii. Econorisk Broker Consultants (Pty) Ltd
iii. Econorisk Corporate Solutions (Pty) Ltd
iv. Xonrisk (Pty) Ltd

DEFINITIONS

“Conflict of interest” arises when a company or the company’s representative, acting on behalf of a client, has a competing professional or personal bias which impedes their ability to perform their obligations to the client objectively and prevents unbiased and fair financial service to the client. This includes but is not limited to:

i. Financial interest
ii. An ownership interest
iii. Any relationship with a third party

“Financial interest” is any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable consideration).

“Immaterial financial interest” 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 in that calendar year received by:-

(a) a representative for that representative's direct benefit;

(b) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

An FSP/representative can spend or receive up to a maximum of R1000. 00, per calendar year, per FSP and/or a representative.

"Ownership interest" refers to any stake or share in a company that was bought at a fair price. It excludes shares held on behalf of someone else and includes any profits or benefits gained from that stake.

"A third party" is:

i. A product supplier or its associate
ii. Another Financial Services Provider (FSP) or its associate
iii. A distribution channel
iv. Anyone who gives a financial benefit to a Financial Service Provider (FSP) or their representatives because of a deal with a product supplier or its partner.
v. Anyone who gives a financial benefit to a Financial Service Provider (FSP) or their representatives because of a deal with another FSP or its partner.

Benefit Includes the receipt or gifting of any tangible or intangible advantages or profits gained, such as tickets to sports, theatrical or other events, invitations to lunches, dinners, promotions or travel.

Gift Includes the receipt or gifting of physical offerings, rewards, hospitality (including breakfasts, lunches, dinners), money, sponsorships, and commissions or any other benefit or gratification that is received by an employee in his or her official capacity.

Gratification: A sum of money paid in respect of a defined task or project, other than the contracted remuneration paid by the Econorisk group.

Supplier: Includes existing and potential vendors, contractors, sourcing partners, service providers, distributors, and consultants who supply goods or services to Econorisk Group, as well as any other third parties who may in future become suppliers or vendors of goods or services to the Econorisk Group.

HOW WE MANAGE OUR CONFLICTS OF INTEREST

There is a positive duty imposed on us to manage conflict of interests. Conflicts of interest, and activities that appear to be conflicts, must be avoided.

If a conflict leads to bad advice or actions that harm clients, we won't just disclose it, we will fix it. If a conflict cannot be avoided, we will reduce/mitigate its impact and fully inform clients in writing before providing services. We will also disclose the measures taken to reduce the impact of the conflict.

Another aspect of conflict of interest is relationships with a third party. We disclose the necessary details of any relationship with a third party that gives rise to a conflict of interest in enough detail to ensure that the client can understand the nature of the relationship.

Our compliance team will analyse each identified conflict of interest and determine its risk and how it may be avoided or reduced. Conflict-of-interest questionnaires and declaration forms are distributed to all Econorisk Group employees on an annual basis. Although this is conducted on an annual basis, conflict of interest is included in the monthly compliance monitoring visits and reports.

Our conflict-of-interest policy is made available on our website.

IDENTIFYING CONFLICT OF INTERESTS

A conflict of interest with clients arises when a person's personal interests, or interests of a third party, could potentially influence their decisions or actions in a way that is not in the best interest of the client. This can involve financial interests, relationships, or other affiliations that might compromise their objectivity or loyalty to the client.

The Econorisk group and its employees may only receive or offer the following financial interest from or to a third party: (contained in section 3A (1)(a) of the General Code of Conduct)

- ✓ Commission authorized under the Short-Term Insurance Act 53 of 1998 (STIA).
- ✓ Fees authorized under STIA if reasonably commensurate to the service being rendered.
- ✓ Fees for rendering service in respect of which commission or fees are not payable if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of the client.
- ✓ Fees or remuneration for the rendering of a service to a third party but reasonably commensurate to the service rendered.
- ✓ Subject to any other law an immaterial financial interest.
- ✓ Financial interest not referred to above for which Econorisk Group or its employees pay a consideration, fair value or remuneration at time of receipt such as receiving training for which the Econorisk group pays.

While the above explanation is specifically for the FAIS Act and related regulations and applies to all FSP’s, it is important to note that the R1000 immaterial financial interest threshold defined in the General Code of Conduct does not apply to clients that fall outside the scope of FAIS, and as such, financial interest provided to clients do not need to be declared under these specific provisions.

We are however, committed to upholding the highest ethical standards in all interactions with our clients. To ensure transparency and to prevent any actual or perceived conflicts of interest, the following principles apply:

The giving or receiving of gifts, entertainment, or any other benefits from clients, suppliers, or third parties is strictly monitored. Any gift or hospitality received or offered of any value must be declared and is subject to review and approval by their direct line of management.

Restriction on what is commensurate with services rendered

Any service rendered to a third party must be commensurate to the service rendered. This ties up with the binder agreements where the remuneration cannot include profit sharing or sliding scales based on performance but a stipulated Rand value plus a reasonable rate of return.

Identifying sources of financial interest

Econorisk Group, as defined, is obliged to maintain a proper record of any financial interest provided or received. Attached, marked Annexure “A” is a form which must be used when any financial interest is offered to an FSP, including an Insurer or UMA and/or its representative or received from an FSP, including an Insurer or UMA and /or its representative. The Key

Individual(s) are responsible for signing off this form. The Compliance Department updates and keep the Financial Interest Register safe. Representative(s) who want to access the financial interest register must request the Compliance Officer to provide them with a copy.

Description of financial interest (income) received is indicated on each individual template being:

- ✓ Administration fees paid by third parties
- ✓ Fees agreed and paid by the client
- ✓ Profit share
- ✓ Other incentives

Ownership interest identification held by Econorisk (excluding shareholders of the FSP)

Process followed to identify ownership interest:

- ✓ The balance sheet is analysed to identify any potential holdings in third parties.
- ✓ In terms of the **Companies Act,** of South Africa, **directors and shareholders are required to disclose certain financial interests**, including ownership or interests in a **Financial Services Provider (FSP)**, under specific provisions.
- ✓ All Econorisk group employees and directors are required to disclose any relationship with any third party not limited to ownership interest and associates but including any personal relationship on an annual basis.

AVOIDING CONFLICT OF INTERESTS

In an effort to avoid conflict of interests, the Econorisk group does not offer any financial interest to its representatives for the following things:

- ✓ Giving preference to the quantity of business secured for the FSP to the exclusion of quality of service rendered to clients.
- ✓ Giving preference to a specific product supplier where a representative may recommend more than one product supplier.
- ✓ Giving preference to a specific product of a supplier where more than one product of that supplier may be recommended.

DISCLOSURE OF CONFLICT OF INTEREST

The FSP - including and Insurer and UMA and its employees must at the first reasonable opportunity disclose to the client any conflict of interest in respect of that client (and all relevant parties), which includes Commissions, referral fees and other remuneration received from product providers or other third parties. This is usually presented to the client when a quotation is presented and the recommendation of a product supplier is made. This is obtained from the list of product suppliers or their agents/underwriting managers where full details of the financial interests are reflected.

The disclosure must be made in writing to the client and contain the following information:

- ✓ The measures taken to avoid or mitigate the conflict.
- ✓ Any ownership interest or financial interest, other than an immaterial financial interest, which gave rise to the conflict.
- ✓ The nature of any relationship with a third party that gave rise to the conflict. This should be provided with sufficient detail in terms of the nature and extent of the relationship to enable the client to make a reasonable assessment as to whether they wish to proceed with the transaction.
- ✓ Reference to the FSP's conflict of interest management policy contained in the 'Information on FSP' form supplied to the client.

IMPLEMENTATION OF COMPLIANCE WITH THE POLICY

Compliance with the policy is implemented in the following ways:

1. At the recruitment stage, an initial declaration is obtained from the new employee that they are not aware of any conflict of interest in regard to ownership interest, relationship or financial interest.
2. All staff, including new staff are trained on what constitutes a conflict of interest and the consequences of breaching the policy.
3. On-going compliance with the policy is then implemented through the following processes on an annual basis:
    a. Declarations by all staff, representatives and key individuals that:
        i. No financial or ownership interest has been received other than those sanctioned by Section 3A (1)(a) of the General Code of Conduct which are listed under "identifying conflict of interests" and all are declared annually. The Compliance department records these declarations in a register on a monthly basis.
        ii. A Conflict of Interest Questionnaire is completed by all staff as confirmation that "No relationship exists with a third party".
        iii. They received from or gifted to a third party an immaterial financial interest not exceeding the regulated limit of R1 000 to assist the FSP in managing exposure to conflict of interest.
        iv. The department manager needs to review and sign off on the financial interest declarations.
    b. Declaration of financial Interest as required by the Companies Act require Directors to declare any interest in other entities that might exist on an annual basis.
4. All new agency agreements must be authorised by a Key Individual and entered in the register of third parties as per the "Product Supplier " template.
    a. The Key Individual must sign off that any financial interest on the abovementioned agreements and ensure that it complies with Section 3A (1)(a) of the General Code of Conduct.
    b. The Finance department must prepare a summary of all sources of funds, which must be signed off by a Key Individual that the sources are all reflected in the product supplier register and the nature of the financial interest has been identified and can be verified via a bordereau or commission statement.
    c. The finance department must also supply monthly reports of the payments made to representatives, and any variance must be explained.
    d. The Head of Finance will check the remuneration payable to representatives to ensure that the procedures have been complied with and that the files substantiating quality has been signed off.
    e. All clients are advised of the existence of any potential conflict of interest at the earliest reasonable opportunity being with the initial quotation.
    f. Quarterly review of policy covers to ensure suitability and market relatedness.
    g. Representative remuneration and incentives are restricted as described under "Avoiding Conflict of Interests".

CONSEQUENCES OF NON-COMPLIANCE BY EMPLOYEES

In line with Econorisk's own Code of Conduct, any non-compliance will constitute a first written warning after a disciplinary hearing. A second non-compliance will be a serious offence and can lead to the employee's termination of employment.

ATTACHMENTS

Annexure A	Immaterial financial interest Gift declaration

ANNEXURE A

DECLARATION OF FINANCIAL AND IMMATERIAL FINANCIAL INTEREST

Declaration by Employee

I, ____ (Name and Surname) hereby wish to declare that I have given/received the below financial/immaterial financial interest on ________________________ (date) with the understanding that it is in full compliance with the Financial and Immaterial Financial Interest policy and Conflict of Interest Policy:

Description	Indicate whether Received or Given	Value	Counter Party Company Name	Counter Party Individual name	Relationship

____

Signature of Employee

____

Signature of Manager

____

Department

____

Date

Please hand this to Compliance for record keeping.