SA HOME LOANS
OWN THE LIFE YOU WANT

FAIS CONFLICT OF INTEREST POLICY

SAHL INVESMENT HOLDINGS – FSP 2428

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1. INTRODUCTION

1.1. This policy is intended to govern conflict of interests as prescribed by the FAIS General Code of Conduct ("The Code"), gifts received/given, financial interests within SAHL Investment Holdings (Pty) Ltd and its subsidiaries herein all referred as SAHL Group and duties of the Key Individuals and Compliance Officers.

1.2. This policy only applies to SAHL Investment Holding (Pty) Ltd as a Financial Services Provider and to its Representatives and Key Individuals as FAIS-affected staff members.

1.3. In some instances the SAHL Group Code of Ethics is stricter than the FAIS Conflict of Interests section and "vice versa". In these instances, the stricter rule must be adhered to. his policy is intended for all employees of SA Home Loans (Pty) Ltd, SAHL Insurance Company (Pty) Ltd and SAHL Life Assurance Company (Pty) Ltd ("SAHL Group"), to regulate recruitment within the SAHL Group.

2. REGULATORY FRAMEWORK

The SAHL Group intends for this policy to comply with any and all applicable laws, including:

2.1. Financial Advisory and Intermediary Services Act (FAIS)

2.2. FAIS General Code of Conduct ("The Code")

2.3. Long Term Insurance Act

2.4. Short Term Insurance Act

2.5. Conflict of Interest Guidelines

3. SCOPE OF APPLICATION

This policy applies to SAHL Investment Holding (Pty) Ltd as a Financial Services Provider and to its Representatives and Key Individuals as FAIS-affected staff members.

4. PURPOSE AND OBJECTIVES OF THE POLICY

4.1. This policy sets out the management of conflicts of interest as prescribed by the FAIS General Code of Conduct ("The Code") by setting out the following:

4.1.1. Provide for the management of conflicts of interest and Mechanisms for identification of conflicts of interests;

4.1.2. Measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons thereof and the measures for the mitigation of such conflicts of interest;

4.1.3. Measures for the disclosure of conflicts of interest;

4.1.4. Processes, procedures and internal controls to facilitate compliance with the policy; and consequences of non-compliance with policy by the provider's employees and representative;

4.1.5. Specify the type of and the basis on which a representative will qualify for a financial interest that the provider will offer a representative and motivate how that financial interest complies with sections 3A(1)(b);

4.1.5.1. Include a list of all its associates;

4.1.5.2. Include the names of any third parties in which the provider holds an ownership interest;

4.1.5.3. Include the names of any third parties that hold an ownership interest in the provide; and

4.1.5.4. Include the nature and extent of the ownership interest referred to subparagraphs (5) and (6).

4.1.6. When SAHL Investment Holdings acts as an Authorised Financial Services Provider, it provides clients with intermediary services on:

4.1.6.1. Short-Term Insurance – Personal Lines (Intermediary Scripted);

4.1.6.2. Short-Term Insurance – Personal Lines A1;

4.1.6.3. Long-Term Insurance – Subcategory B1 (Intermediary Scripted);

4.1.6.4. Long-Term Insurance – Subcategory B1-A;

4.1.6.5. Long-Term Insurance – Subcategory B2; and

4.1.6.6. Long-Term Insurance – Subcategory B2-A.

4.1.7. Like any Financial Services Provider, there is potentially exposure to Conflicts of Interest in relation to various activities. **SAHL Investment Holdings** ensures that every Key Individual and Representative is aware of what a Conflict of interest is, ensuring that Key Individuals and Representatives do not find themselves in situations where there may be a conflict between their Interest, SAHL Group's interests or a client's interests.

5. DEFINITIONS

"Advice"

means, subject to subsection (3)(a), any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients—

(a) in respect of the purchase of any financial product; or

(b) in respect of the investment in any financial product: or

(c) on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product; or

(d) on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product,

and irrespective of whether or not such advice—

(i) is furnished in the course of or incidental to financial planning in connection with the affairs of the client; or

(ii) results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being effected;

"**An Intermediary Service"**

means, subject to subsection (3)(6), any act other than the furnishing of advice, performed by a person for or on behalf of a client or product supplier—

(a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product with a product supplier; or

(b) with a view to—

(i) buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product purchased by a client from a product supplier or in which the client has invested;

(ii) (collecting or accounting for premiums or other moneys payable by the client to a product supplier in respect of a financial product; or

(iii) receiving, submitting or processing the claims of a client against a product supplier

"**Associate"**

in the case of a company, as "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

"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,

(a) Influence the objective performance of his, her or its obligations to that client, or

(b) 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 –

(i) A financial interest

(ii) An ownership interest

(iii) Any relationship with a third party

"**Financial Interest"**

A financial interest includes cash, cash equivalent, vouchers, gifts, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives or valuable consideration other than;

(a) An ownership interest is an equity or proprietary interest acquired for fair value and includes dividends, profit share and similar benefits; and/or

(b) Training by a product supplier on products, general industry information and technical systems that are not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training.

"Immaterial Financial Interest"

An immaterial financial interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000-00 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 key individual for that key individual's direct benefit;

(i) A provider, who for its benefit or that of some or all of its representatives and key individuals, aggregates the immaterial financial interest paid to them.

"Key Individual"

in relation to an authorised financial services provider means any natural person responsible for managing or overseeing, either alone or together with other so responsible person, the activities of the body, trust or partnership relating to the rendering of any financial service.

"Third Party"

means

(a) A product supplier;

(b) Another FSP;

(c) An associate of a product supplier or an FSP;

(d) A distribution channel; or

(e) Any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) above provides a financial interest to an FSP or its Representatives.

6. POLICY DETAILS

6.1. INDENTIFY, MANAGE AND DISCLOSE CONFLICTS OF INTEREST

There is the potential for a conflict of interest in any activity, relationship or process you are involved in. SAHL employees, especially representatives, must always try to avoid being in a position where there is a conflict of interest between their interests and the customers.

6.2. IDENTIFY, MANAGE AND DISCLOSE CONFLICTS OF INTEREST

6.2.1. TO IDENTIFY CONFLICTS OF INTEREST THE FOLLOWING MUST BE APPLIED WITHIN SAHL:

6.2.1.1. An analysis of all the distribution models within the SAHL Group;

6.2.1.2. The types of financial interests received and/or offered;

6.2.1.3. Remuneration models for representatives must be signed off by the management and Exco.

6.2.1.4. Appropriate rules must be put in place around the receipt or offering of immaterial financial interests in accordance with SAHL Group's Gifts Policy; and

6.2.1.5. Regularly review all FAIS Statutory Disclosure notices to ensure appropriate identification and disclosure of conflicts of interest.

6.3. PROCESSES, PROCEDURES AND INTERNAL CONTROLS FOR COMPLIANCE

6.3.1. The following internal procedures must be followed:

6.3.1.1. All representatives, Key Individuals and management are required to read and familiarise themselves with the Code as well as this policy and to ensure that they fully understand the provisions of both documents and their application; and

6.3.1.2. Specific training and educational material on how conflicts of interest may arise and how they can be avoided must be provided to all relevant employees on an ongoing basis.

6.4. REPORTING A CONFLICT OF INTEREST

6.4.1. If you suspect a conflict of interest, you are required to report it immediately.

6.4.2. When you identify a conflict of interest, even if you are not sure if it is a conflict, you have a duty to report it first to the FAIS Compliance Officer, who will record it in the Conflict-of-Interest Register. In the absence of the FAIS Compliance Officer, you may report a conflict of interest to the Group Compliance Officer.

6.4.3. The next step is for Management and the Compliance Officers, or Group Compliance Officer to manage the conflict of interest by doing an evaluation and deciding on what steps to take.

6.4.4. The evaluation must include:

6.4.4.1. If it is possible to avoid the conflict by ending it. If it is possible to end, what action has been taken to do so; or

6.4.4.2. Reasons why the conflict cannot be avoided, and

6.4.4.3. What can and has been done to control the conflict – referred to as mitigation, and

6.4.4.4. How the mitigating measures will lessen the effect of the conflict on the customer, and

6.4.4.5. What to tell customers about the conflict – referred to as disclosure, and

6.4.4.6. When and how the customer will receive these disclosures.

6.5. **DISCLOSURE OF CONFLICTS OF INTEREST TO CLIENTS AND 3RD PARTIES:**

6.5.1. SAHL must disclose all conflicts of interest to a client in respect of that client as soon as possible and in writing including:

6.5.1.1. Measures taken to avoid or mitigate the conflict;

6.5.1.2. Any ownership interest or financial interest that SAHL Group or representative may be or become eligible for;

6.5.1.3. The nature of a relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail, so that the client understands the exact nature of the relationship or arrangement and the conflict(s) of interest; and

6.5.1.4. SAHL Group must inform the client of the FAIS Conflict of Interest section contained therein.

6.6. **DUTIES OF MANAGEMENT**

6.6.1. **DUTIES OF KEY INDIVIDUALS REGARDING CONFLICTS OF INTEREST**

6.6.1.1. Management has overall responsibility for this policy.

6.6.1.1.1. Managers must provide leadership and an example to all employees regarding conflict-of-interest issues.

6.6.1.1.2. Manages must establish control measures.

6.6.1.1.3. Managers must make sure that they develop and put appropriate controls in place for the policy to operate effectively. These controls must help to identify, avoid, evaluate and control actual and potential conflicts.

6.6.1.1.4. Managers must make sure that Risk and Compliance have signed off on all product documents and changes to the remuneration structure.

6.6.1.1.5. Managers must sign the Conflict of Interest Register once a year.

6.6.1.1.6. Managers must set up monitoring measures to make sure controls are effective.

6.7. **MANAGEMENT DUTIES REGARDING EMPLOYEES**

6.7.1. Managers must:

6.7.1.1. Communicate this policy to all employee.

6.7.1.1.1. Make sure that all employees observe it.

6.7.1.1.2. Take action if the policy is not observed.

6.7.1.1.3. This could include correcting the problem.

6.8. **MANAGEMENT DUTIES TO CUSTOMERS**

6.8.1. Managers must:

6.8.1.1. Develop and implement a system to disclose any conflicts of interest to the customer.

6.8.1.2. The disclosures must be in writing and sent to the customer as soon as possible.

6.8.1.3. Make sure these disclosures have reached the customer.

6.8.1.4. Make sure customers understand the content of the disclosures.

6.9. **DUTIES OF FAIS COMPLIANCE OFFICERS REGARDING CONFLICT OF INTEREST**

6.9.1. FAIS Compliance Officers must:

6.9.1.1. Ensure that the KI Controls are being carried out.

6.9.1.2. Ensure that the controls make it possible to comply with this policy and the FAIS Code of Conduct

6.9.1.3. Report regarding controls

6.9.1.4. Report any situation where either this policy or the FAIS Code of Conduct were not observed. This must be part of the Compliance Report and also reported to the FSP.

6.9.1.5. Implement a Conflict-of-Interest Register.

6.9.1.6. Keep records of all identified and reported conflicts in the Conflict of Interest Register and show how the company controlled and monitored compliance.

7. FINANCIAL INTERESTS

7.1. SAHL Investment Holdings may only receive or offer the following financial interests from or to a third party as per the below:

7.1.1. Regulated commission or fees under the Long-Term Insurance Act (No. 52 of 1998);

7.1.2. Regulated commission or fees under the Short-Term Insurance Act (No. 53 of 1998);

7.1.3. Fees under the Long-Term Insurance Act and Short-Term Insurance Act if these fees are reasonably in line with the service being rendered; or

7.1.4. fees or remuneration for the rendering of a service to a third party, such fees are reasonably in line with the service being rendered; or

7.1.5. subject to any other law, an immaterial financial interest; or

7.1.6. Including a financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by SAHL at the time of receipt thereof.

7.2. Representatives earn a basic salary plus commission and may earn a further incentive bonus (**refer to schedule A herein below**). They may also qualify for an incentive bonus (refer to schedule A herein below). They may also qualify for incentives such as conventions and competitions, all commissions, bonuses and incentives are based on a range of criteria that include performance standards and various business factors.

7.3. SAHL Group may not offer any financial interest to its key individuals or representatives for:

7.3.1. Favouring quantity of business secured to the exclusion of quality of service; and/or

7.3.2. Giving preference to a specific product over other products of a product supplier where a representative may recommend more than one product of that product supplier.

7.4. All fees, commissions and remuneration received/paid by SAHL Group or its representatives must be recorded and audited as per the prescribed SAHL Group procedure.

7.5. Immaterial Financial Interest:

7.5.1. An immaterial financial interest means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000-00 in any calendar year from the same third party in that calendar year received by –

7.5.1.1. A provider who is a sole proprietor; or

7.5.1.2. A representative for that representative's direct benefit; or

7.5.1.3. A provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives. All material financial interests received (gifts) must be declared on the gifts register.

8. CONTROL MEASURES

8.1. The measures below ensure that SAHL Investment Holdings and its representatives act impartially and avoid a material risk of harming any clients' interests.

8.1.1. **Internal Processes:**

8.1.1.1. Representatives, associates and employees receive guidance and training in these procedures, and they are subject to monitoring and review processes. These are specific measures and consequences in place for non-compliance with this conflict of interest policy.

8.1.2. **Confidentiality barriers:**

8.1.2.1. Representatives, associates and employees respect the confidentiality of client information. No such information may be disclosed to a third party without the written consent of the client.

8.1.3. **Monitoring:**

8.1.3.1. The key individual in charge of supervision and monitoring of this policy must regularly provide feedback on all related matters. This policy be reviewed annually.

8.1.4. **Disclosure:**

8.1.4.1. Where there is no other way of managing a conflict of interest, or where the measures in place do not sufficiently protect clients' interests, the conflict of interest must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. Where applicable, the monetary value of non-cash inducements will be disclosed to clients in all cases.

8.1.5. **Publication:**

8.1.5.1. This conflict-of-interest policy is available for inspection at the office of the Financial Services Provider and is also referred to in the disclosure notice.

8.1.6. **Report:**

8.1.6.1. This conflict-of-interest policy is reported on in the annual report submitted to the Financial Sector Conduct Authority (FSCA).

8.1.7. **Declining to act:**

8.1.7.1. The SAHL Group will decline to act for a client if a conflict of interest cannot be managed and/or avoided.

8.1.8. **Identification of Conflict of Interest:**

8.1.8.1. Employees, representatives, and associates will receive training and educational material to be able to identify potential and actual Conflict of Interest.

8.1.9. **Avoidance of Conflict of Interest**

8.1.9.1. This is achieved by:

8.1.9.1.1. Ensuring that all employees, representatives and associates have an understanding and adopt this conflict-of-interest policy and control measures;

8.1.9.1.2. Conducting regular inspections on all commissions, remuneration, fees and financial interests proposed or received to avoid non-compliance; and

8.1.9.1.3. Keeping a register of conflicts of interests.

8.1.9.2. Employees must declare any conflicts of interests.

9. CONSEQUENCES OF NON-COMPLIANCE WITH POLICY

9.1. SAHL Group must correct the problem of non-compliance by taking disciplinary action against its employees.

9.2. Any person who fails to adhere to this policy will be subject to disciplinary action. If found guilty of any contravention of this conflict-of-interest policy, an employee will be dismissed and if he or she is a representative, debarment procedures will be instituted, and the FSCA will be informed.

9.3. Any breach of the terms of the policy will be considered a material breach and will be addressed in accordance with the company's disciplinary policy.

10. KEY CONTACTS

FAIS Compliance Officer	Email: FSCA@sahomeloans.com

11. EXCEPTIONS

No exceptions or variations to the policy will be allowed unless written confirmation received from both the CEO and COO.

12. REVISION AND APPROVAL

The policy will be reviewed annually by the Head of Legal and Compliance. The policy must be presented to the SAHL IH Audit, Risk and Compliance Committee (ARCC) for approval within the same year of review. The Group Company Secretary will sign the policy on behalf of the Committee Chairperson.