

## Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

<b>Type of Policy</b>	Sanlam Life Insurance Limited Policy
<b>Area of Governance Addressed</b>	Compliance
<b>Approving Authority</b>	Sanlam Life Insurance Limited Board
<b>Group Exco Sponsor</b>	Lotz Mahlangeni, Chief Actuary and Group Risk Officer
<b>Responsible Group Functionary</b>	Jacques Marnewicke, Head: Group Legal, Compliance and Financial Crime
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<b>Version</b>	2

# Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

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# Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

## 1. Definitions

The words and phrases in this paragraph will have the following meanings when used in this policy:

<b>Associate</b>	<p>a) in relation to a natural person, means -</p> <ul style="list-style-type: none"> <li>(i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;</li> <li>(ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;</li> <li>(iii) a parent or stepparent of that person;</li> <li>(iv) 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;</li> <li>(v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);</li> <li>(vi) a person who is in a commercial partnership with that person;</li> </ul> <p>b) in relation to a juristic person -</p> <ul style="list-style-type: none"> <li>(i) which is a company, means 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;</li> <li>(ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;</li> <li>(iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person- <ul style="list-style-type: none"> <li>(aa) had such first-mentioned juristic person been a company; or</li> <li>(ab) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;</li> </ul> </li> <li>(iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;</li> </ul> <p>c) in relation to any person -</p> <ul style="list-style-type: none"> <li>(i) means 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 person first-mentioned in this paragraph;</li> <li>(ii) includes any trust controlled or administered by that person</li> </ul>
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<b>Compliance Officer</b>	refers to the Sanlam Life FAIS approved compliance officer
<b>Conflict of Interest</b>	<p>Means any situation in which a financial services provider or representative has an actual or potential interest that may, in rendering a financial service to a client: -</p> <p>a) influence the objective performance of their obligations towards such client; or</p> <p>b) prevent them 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 –</p> <ul style="list-style-type: none"> <li>• a financial interest;</li> <li>• an ownership interest;</li> <li>• any relationship with a third party.</li> </ul>
<b>Employee</b>	<p>for the purpose of this policy, will include:</p> <p>a) All directors and full-time employees of any associate of Sanlam Life Insurance Limited;</p> <p>b) All temporary contracted employees;</p> <p>c) All employed or contracted representatives including independent financial advisors and tied agents.</p>
<b>Exco</b>	Executive Committees of Sanlam (Group Exco); or a Cluster (Cluster Exco) or a business (Business Exco) collectively unless indicated differently.
<b>FAIS</b>	means the Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended from time to time.
<b>Fair Value</b>	means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973).
<b>Financial interest</b>	<p>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:</p> <p>a) an ownership interest;</p> <p>b) training, that is not exclusively available to a selected group of providers or representatives, on -</p> <ol style="list-style-type: none"> <li>(i) products and legal matters relating to those products;</li> <li>(ii) general financial and industry information;</li> <li>(iii) specialised technological systems of a third party necessary for the rendering of a financial service;</li> </ol> <p>c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.</p>

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<b>Financial Services Provider (FSP)</b>	means any person, other than a representative, who as a regular feature of the business of such person – a) furnishes advice; or b) furnishes advice and renders any intermediary service; or c) renders an intermediary service.
<b>Financial Service</b>	means any service contemplated in paragraph (a), (b) or c) of the definition of “financial services provider”, including any category of such services;
<b>FSCA</b>	refers to the Financial Services Conduct Authority
<b>GCO</b>	means the Sanlam Group Compliance Office.
<b>Immaterial financial interest</b>	(as defined in FAIS) 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 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;
<b>Ownership interest</b>	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 a 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;
<b>Provider</b>	means an authorised Financial Service Provider or FSP (as defined above) registered as such with the FSCA and includes a Representative of such an FSP.
<b>Representative</b>	means any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service – a) does not require judgment on the part of the latter person; or b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;
<b>Sanlam</b>	means the Sanlam Group
<b>Sanlam Life</b>	refers to Sanlam Life Insurance Limited (FSP 2759 & FSP 45741)

# Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

<b>SGFCC Policy</b>	means the Sanlam Group Financial Crime Combating Policy.
<b>The Code of Ethical Conduct</b>	means the Sanlam Group Code of Ethical Conduct.
<b>Third Party</b>	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.

## Note

Please refer to **Annexure “A”** which lists the names of associates set out in an organisational diagram in which Sanlam holds an ownership interest, together with the nature and extent of such ownership interest. Sanlam Life forms part of this organisational structure. This structure is subject to change and will be updated as and when changes occur.

Please refer to **Annexure “B”** which lists

- the names of product suppliers that supply Sanlam Life with financial products and in which Sanlam Life holds an ownership interest;
- Financial Services Providers that Sanlam Life holds an ownership interest in; and
- Financial Services Providers that provide Sanlam Life with financial interests in terms of an agreement or an arrangement.

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## 2. Purpose of the Policy

The purpose of the Sanlam Life FAIS Conflict of Interest Management (FAIS COIM) Policy is to provide a framework within which to address areas where conflicts of interest may arise, and to also align with the principles around Treating Customers Fairly and the responsibilities that are placed on Sanlam Life as an FSP. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Sanlam Code of Ethical Conduct as well as specific regulatory measures as prescribed in FAIS.

The Policy therefore aims to ensure that, where conflicts are identified, (but could not be avoided) these would be effectively mitigated (managed), and adequate disclosure would have been made to all impacted parties.

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interest of consumers, employees, providers and Sanlam Life.

## 3. Scope of the Policy

This policy is a Sanlam Life Policy and shall apply to Sanlam Life, in its capacity as an authorised FSP.

All individuals employed or contracted by Sanlam Life in any capacity whatsoever, including directors, are subject to this policy and must ensure that they at all times comply with this policy.

## 4. Policy Statement

Whilst the Sanlam Group COI policy sets the high-level standards for Sanlam, Sanlam Life has formulated and implemented detailed measures to proactively ensure compliance with these standards, having due regard for the specific business environment within which Sanlam Life operates.

In addition to identifying, managing and declaring all actual, potential or perceived conflicts of interests, extreme care should be taken to avoid any conduct that may or could be regarded as an attempt to exert influence in unduly favouring any party, including the offering, giving or receipt of any gift or gratification, which may have such effect.

Transparency is critical to the effective management of conflicts of interest and the associated risks. Sanlam Life shall not tolerate any unmanaged conflicts of interests or any failure to declare such conflicts fully and timeously. Appropriate action will be taken by Sanlam Life in all cases where this policy is contravened or not complied with.

## 5. Managing the risk of Conflict of Interest

Once a conflict of interest has been identified, it must be appropriately and adequately managed.

### 5.1. Identifying Conflict of Interest

- 5.1.1. No person (including Sanlam Life) may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Sanlam Life FAIS COIM policy via an associate or third party or an arrangement involving an associate or a third party.

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- 5.1.2. Sanlam Life and its employees (i.e., representatives) may only receive or offer the following financial interest from or to a third party. The financial interest includes but is not limited to –
- a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998), the Short-term Insurance Act (No. 53 of 1998) or the Medical Schemes Act (No. 131 of 1998). Commission is strictly monetary amounts paid to a provider, designated as such and determined on a basis specified prior to payment.
  - b) Fees authorised in terms of the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.
  - c) Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (a) or (b) above is not paid, if those fees –
    - the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and
    - those fees may be stopped at the discretion of that client;
  - d) 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.
  - e) Subject to other legislation, an immaterial financial interest.
  - f) A financial interest not referred to in paragraphs (a) to (e) above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by the provider or its representatives at the time of receipt thereof.
  - g) Sales tools or services (electronic or otherwise) that Sanlam Life wishes to provide to a financial services provider (provider), on condition that the tools and services provided to a provider are:
    - essential in enabling the provider to prepare, submit and finalise any business transaction in accordance with Sanlam Life's business requirements;
    - not essential, but offers value to the provider in terms of enhancing/ supplement the provider's interaction with clients; and
    - regarded as other services.
  - h) (Refer to the decision framework in Annexures C & D)
  - i) Services that are essential in enabling the provider to prepare, submit and/ or finalise Sanlam Life transaction documentation, may be offered unless it would influence the provider in the objective performance of its functions or prevent the provider from rendering unbiased service.
  - j) (Refer to the decision framework in Annexure D)
  - k) Services that are not essential in enabling the provider to do business with Sanlam Life, but which offers the provider value in terms of enhancing or supplementing the provider's interaction with clients may be provided if there is clear proof of benefiting the client and it does not create a conflict of interest.
  - l) (Refer to the decision framework in Annexure E)



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- m) Services that do not form part of those described in (h) or (i) above may be made available to a provider at a fair market value.

5.1.3. Sanlam Life shall only provide financial interests referred to in subsections 5.1.2 b); c) and d) if:

- those financial interests reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;
- the payment of those financial interests does not result in the provider or representative being remunerated more than once for performing a similar service;
- any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated; and
- the payment of those financial interests does not impede the delivery of fair outcomes to clients.

Sanlam Life shall only provide bona fide training to providers on:

- a) Products or legal matters relating to those products;
- b) General financial and industry information; and
- c) Specialised technological systems of a third party necessary for the rendering of a financial service. This would include Sanlam Life sales and administrative processes aimed at enabling other FSP's to do business with Sanlam Life.

Sanlam Life may provide reasonable costs directly related to the training provided, such as venue costs, speaker fees and meals. The reasonable costs associated with providing meals and refreshments should not be regarded as part of immaterial financial interests and need not be recorded.

Sanlam Life or its associates may not provide for the travel and accommodation associated with the training and may not offer the training to an exclusive group of FSPs only.

Other forms of training not mentioned in (a) – (c) above, may be provided subject to a consideration or remuneration (based on fair value) being paid for the training so provided to FSPs (or their representatives) receiving the training.

5.1.4. Sanlam Life shall not offer any financial interest to its representatives for:

- a) Giving preference to the quantity of business secured to the exclusion of the quality of the service rendered to clients; or
- b) Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- c) Giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

5.1.5. Sanlam Life must be able to demonstrate that the following measurable indicators were taken into account, before offering any financial interest to its representatives:

- a) achievement of minimum service level standards in respect of clients;
- b) delivery of fair outcomes for clients
- c) quality of the representative's compliance with the FAIS Act;

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The above should be agreed to between the FSP and the representative. Sufficient weight should be attached to such indicators to materially mitigate the risk of a representative giving preference to the quantity of business secured over the fair treatment of clients.

## 5.2. Avoidance of Conflict of Interest

Once an actual or potential conflict of interest has been identified, steps must be taken to (wherever possible) avoid such a conflict. Should such avoidance not be possible, steps must be taken to mitigate such an actual or potential conflict of interest and the existence of the conflict must be disclosed to all impacted parties as outlined below.

## 5.3. Disclosure of Conflicts of Interest

- 5.3.1. Sanlam Life and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client (and all other impacted parties).
- 5.3.2. The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to:
  - a) The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
  - b) Any ownership interest or financial interest, other than an immaterial financial interest, that Sanlam Life or its employees may become eligible for;
  - c) The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict must be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction; and
  - d) Informing the client of the existence of a Sanlam Life FAIS COIM policy and how this document may be accessed.

## 6. Process and Procedures to ensure Compliance

- 6.1. Sanlam Life adopts this policy as the standard according to which businesses rendering financial services under the Sanlam Life FSP licences (FSP 2759 and FSP 45741) shall manage actual or perceived conflicts of interest.
- 6.2. The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a conflict and ensure that proper disclosure is made in respect thereof.
- 6.3. In the event of a disclosure of a conflict of interest, the appropriate level of management must review the severity of the potential impact of the conflict and decide on an appropriate action. The materiality of the risk will be determined by the role and responsibilities of the person making the disclosure, as well as the nature and type of conflict of interest.
- 6.4. Documented guidelines to management on the provision of “immaterial financial interest” are set out in Annexure E. These guidelines may be adapted from time-to-time to address specific business needs.

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- 6.5. Documentation and processes which have been formulated to identify, avoid, mitigate and disclose conflicts of interest include the following:
- a) The framework to evaluate whether the provision of sales tools to providers (electronic or otherwise) creates an actual or potential conflict of interest is set out in Annexure C.
  - b) The framework to evaluate whether the provision of services in support of providers creates an actual or potential conflict of interest, is set out in Annexure D.
  - c) The framework to evaluate whether the provision of immaterial financial interests to providers creates an actual or potential conflict of interest, and whether it is allowable in terms of the financial conditions imposed by regulation (R1000 per annum) is set out in Annexure E.
  - d) The central register for the recording of conflicts of interest, including the persons involved and the controls implemented has been created.
  - e) Measures have been implemented by management to ensure continuous monitoring of compliance to the Sanlam Life FAIS COIM Policy.
- 6.6. All employment contracts must include the necessary termination and/or sanctions clauses to manage the risk of actual or potential conflict of interest situations created by employees' acts or omissions.
- 6.7. Disciplinary procedures in Sanlam Life (to be implemented by the applicable Human Capital teams) must provide for the review of any breach by employees and determine appropriate sanctions.
- 6.8. If any employee is of the view that their own conduct has caused this policy to be breached, they must inform their manager at the earliest available opportunity after they have become aware of the breach.
- 6.9. When employees reasonably suspect that a co-worker or contractor is in breach of this policy, they must report it as soon as possible and in the strictest of confidence, to their line manager for further investigation.

## 7. Accessibility of the FAIS COIM Policy

This policy document will be made available on the Sanlam intranet as well as the Sanlam public website to ensure that it is easily accessible for inspection by employees, clients, consumers and third parties at all reasonable times.

## 8. Training and Awareness

- 8.1. All Sanlam Life employees, contractors and temporary workers will annually receive appropriate training and awareness on this policy.
- 8.2. All newly recruited employees must attend a training session during their induction program.
- 8.3. Training and training materials provided to representatives must include a reference to, and information on the content and application of this policy.

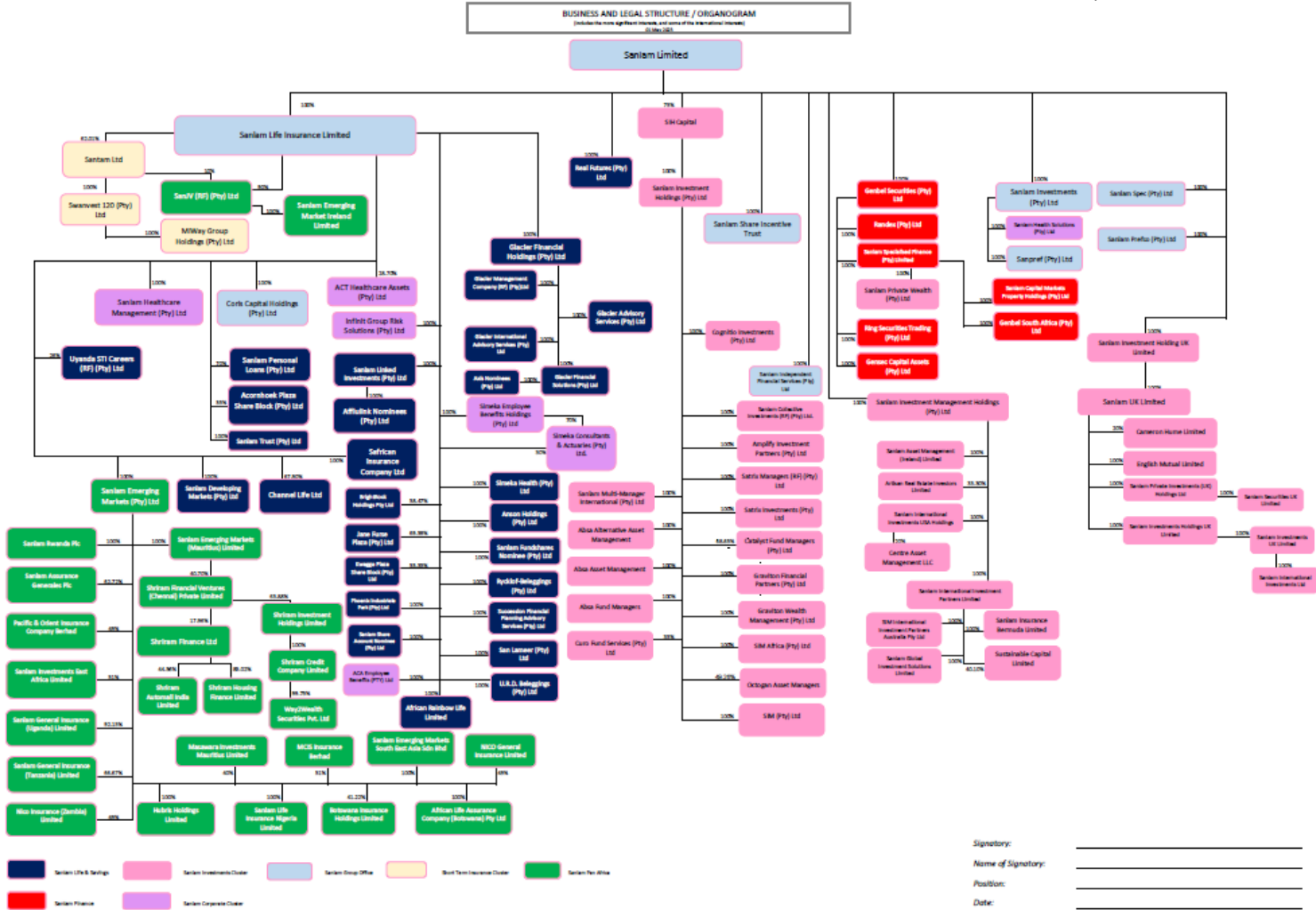
## 9. Consequences of Non-Compliance

- 9.1. The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act, is an amount of up to R1 million or a period of imprisonment for up to 10 years.
- 9.2. The FSCA (Registrar of FAIS) is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- 9.3. The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.
- 9.4. Employees' failure to make the necessary disclosures could be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of Sanlam's Disciplinary Code.
- 9.5. Certain transgressions of this policy may result in civil or criminal prosecution.

## 10. Revision

This policy will be reviewed annually and presented to the Sanlam Life Board for approval, where necessary.

Refer to attached Organisational Diagram



# Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

## Annexure B

### List of Third Parties in which Sanlam Life holds an Ownership Interest

No	Product Suppliers	Nature of ownership interest	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)
<b>A. <u>Product Suppliers</u> that supply Sanlam Life (FSP 2759 &amp; FSP 45741) with financial products <u>and</u> in which Sanlam Life holds an ownership interest</b>					
1.	Sanlam Life Insurance Limited	Shareholding	See Annexure A	See Annexure A	<ol style="list-style-type: none"> <li>1. Agreements with “representatives” and other FSP`s who distribute Sanlam Life products.</li> <li>2. Agreement to pay “financial interests” to the FSP when financial products are introduced to the product provider.</li> </ol>
2.	Sanlam Developing Markets Limited	Shareholding	See Annexure A	See Annexure A	Agreement to pay “financial interests” to the FSP when financial products are introduced to the product provider.
3.	Santam Limited	Shareholding	See Annexure A	See Annexure A	Agreement to pay “financial interests” to the FSP when financial products are introduced to the product provider.

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No	Product Suppliers	Nature of ownership interest	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)
<b>B. Financial Services Providers that Sanlam Life (FSP 2759) has an ownership interest in</b>					
1.	SFP Advisory Services Planning (Pty) Limited	Shareholding	100%	See Annexure A	Agreements with “representatives” to distribute the financial products of: <ul style="list-style-type: none"> <li>• Sanlam Life</li> <li>• Old Mutual</li> <li>• Liberty Life</li> <li>• Momentum Life</li> <li>• Discovery Life</li> </ul>
<b>C. <u>Financial Services Providers</u> that provide Sanlam Life (FSP 2759 &amp; FSP45741) with financial interests in terms of an agreement or arrangement (in addition to those listed in A above)</b>					
1.	Old Mutual Limited	Not Applicable	Not applicable	Not applicable	Agreement to distribute products of Old Mutual in return for payment of commission (in terms of the Long-term Insurance Act).
2.	Liberty Life Insurance Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Liberty Life in return for payment of commission (in terms of the Long-term Insurance Act).

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No	Product Suppliers	Nature of ownership interest	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)
3.	Professional Provident Society of South Africa (PPS)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of PPS in return for payment of commission (in terms of the Long-term Insurance Act).
4.	Altrisk Insurance Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Altrisk in return for payment of commission (in terms of the Long-term Insurance Act).
5.	Santam Insurance Limited	Shareholding	See Annexure A	See Annexure A	Agreement to distribute products of Santam in return for payment of commission (in terms of the Short-term Insurance Act).
6.	Sanlam Developing Markets Limited (SDM)	Shareholding	See Annexure A	See Annexure A	Agreement to distribute products of SDM in return for payment of commission (in terms of the Long-term Insurance Act).



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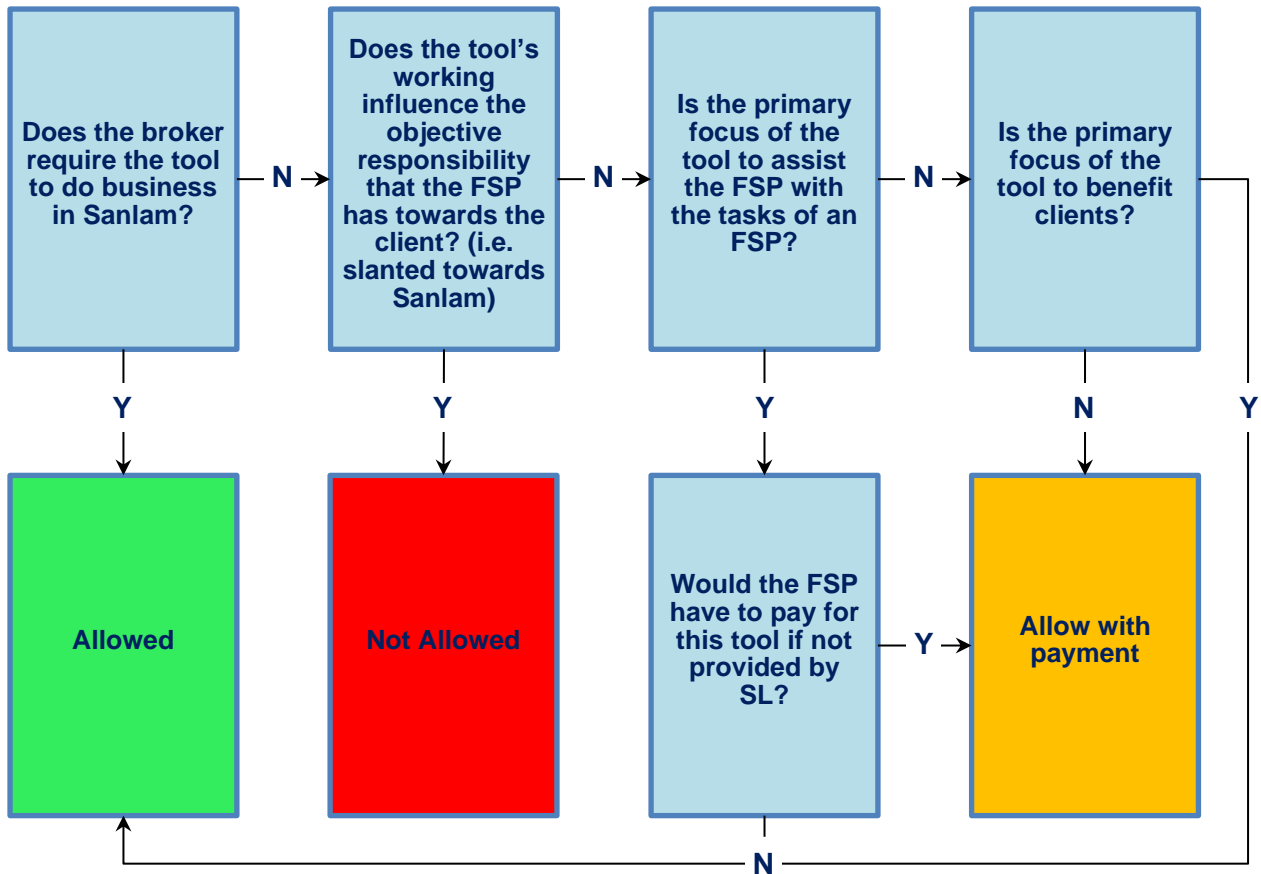
No	Product Suppliers	Nature of ownership interest	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)
7.	Sanlam Linked Investments (Pty) Limited	Shareholding	See Annexure A	See Annexure A	Agreement to pay "financial interests" to the FSP when financial products are introduced to the product provider.
8.	Sanlam Collective Investments Limited (SCI)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SCI) in return for payment of commission.
9.	Simeka Health (Pty) Limited	Shareholding	See Annexure A	See Annexure A	Agreement to pay "financial interests" to the FSP when financial products are introduced to the product provider
10.	Sanlam International Investments Limited (SII)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SII) in return for payment of commission.
11.	Sanlam Investment Management (Pty) Limited (SIM)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SIM in return for payment of commission.
12.	Sanlam Private Wealth (Pty) Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SPI in return for payment of commission.

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No	Product Suppliers	Nature of ownership interest	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Providers that are regarded as associates of Sanlam)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Providers, Relevant Associates and Distribution Channels)
13.	Simeka Consultants and Actuaries (Pty) Limited	Shareholding	See Annexure A	See Annexure A	Agreement to pay "financial interests" to the FSP when financial products are introduced to the product provider.

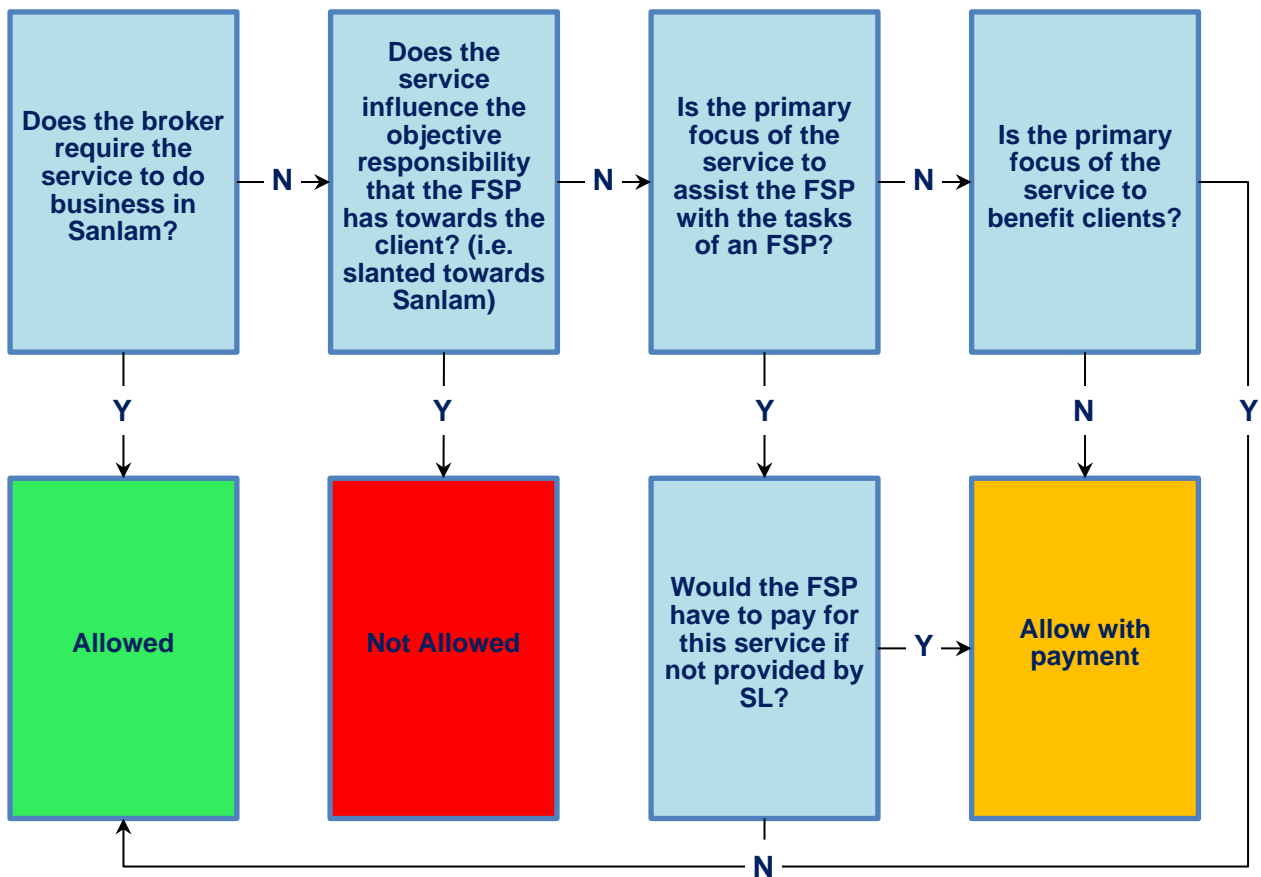
Framework to evaluate whether the providing of sales tools to providers.

Electronic Tools for Brokers Framework



Framework to evaluate the providing of services in support of providers.

Services for Brokers Framework



# Sanlam Life Insurance Limited (FSP 2759, FSP 45741) FAIS Conflict of Interest Management Policy

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## Annexure E

### Guidelines to evaluate the providing of “immaterial financial” interests to providers.

#### 1. Legislative requirements

An FSP (or their representatives) is not allowed to offer Brokers (and they are not allowed to receive) any financial interest other than:

- a. Statutory commission and fees;
- b. Fees applicable to the investment industry as agreed to by the client;
- c. Fees for rendering a service to a third party (this provides for outsourcing arrangements, e.g., back-office services rendered in SCI);
- d. Immaterial financial interest<sup>1</sup>. The focus is on the immateriality of the financial interest that is given, but is subject to an overall maximum amount of R1000 in a calendar year per annum; and
- e. Financial interest for which the Broker pays a fair value.

#### 2. Application of immaterial financial interest

In terms of the definition of “immaterial financial interest”, the amount of R1000 would apply to a “provider who is a sole proprietor”, (i.e., a Key Individual who is also a representative), a representative of an FSP who stands to benefit, and an FSP who may benefit or all or some of its representatives.

The payment of Travel and accommodation for training or an event will be an unallowable financial interest.

It would follow that the limitation of the R1000 amount is aimed at providers (FSP`s) and their representatives. As the FSP may also be a legal entity, it would follow that such reference would include the Key Individuals (in their capacity as representatives) linked to such providers.

This can be illustrated by way of an example: A corporate brokerage who is an FSP may have 100 representatives. The limitation on providing “immaterial financial interests” is limited to a R1000 per individual (and does not apply to the aggregation of 100 representatives (100 X R1000 for the FSP). This means that you cannot multiply the R1000 by the 100 representatives and regard this as an immaterial financial interest that accrues to the FSP.

In a Sanlam Group context, this would mean that all “providers” and “product suppliers” (who are not also FSP`s) would be entitled to justify the expenses related to “immaterial financial interests” limited to R1000 per FSP (or representative). In practical terms this would allow Sanlam Life (as an FSP) to spend a maximum of R1000 per broker on “immaterial financial interests” in a calendar year.

The R1000 limitation will be aggregated in instances where there are various divisions within an FSP.

The requirements in the FAIS General Code of Conduct apply to all relationships between any Sanlam Group FSP and other FSP`s, product suppliers and representatives, in respect of services rendered in South Africa but regardless of whether they are domiciled in South Africa or internationally.

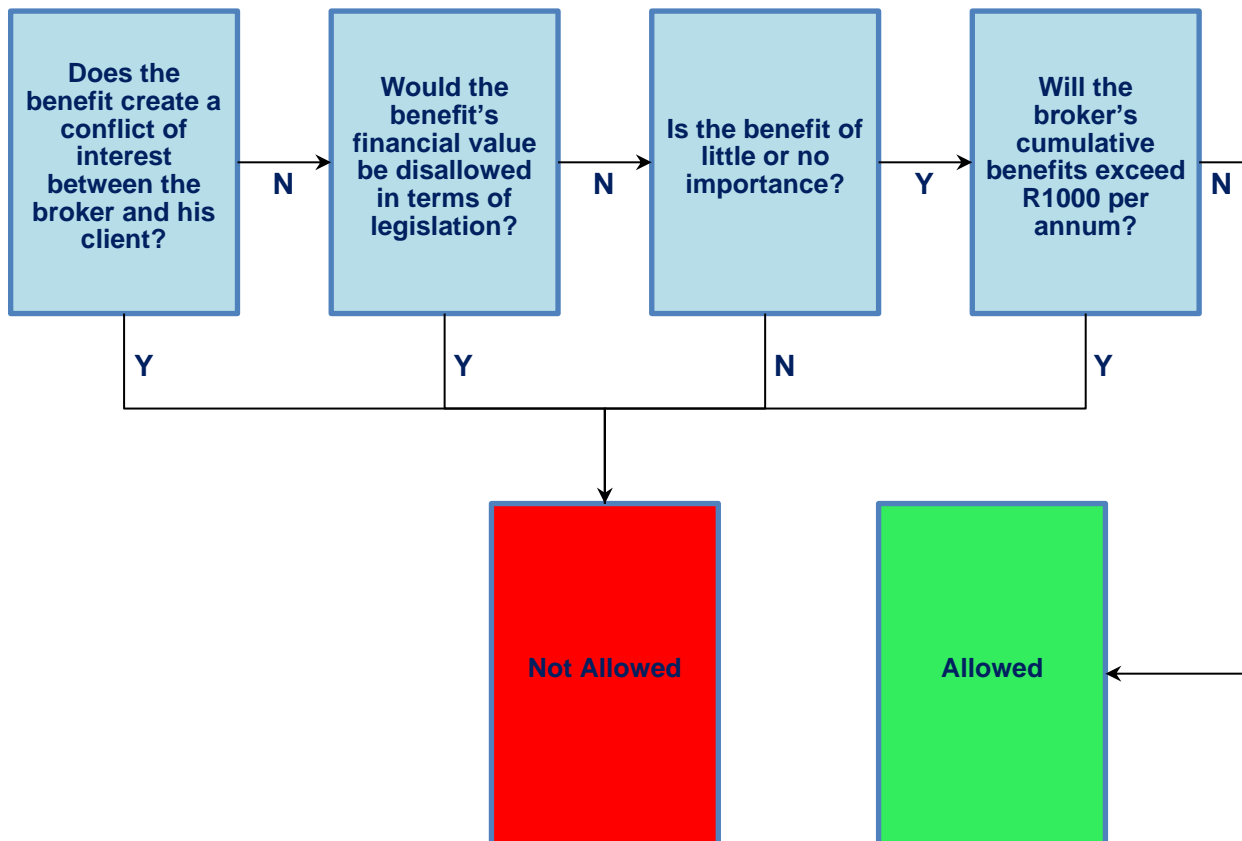
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<sup>1</sup> “Immaterial Financial Interest” – means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year, received by a provider or its associate, or representative from the same third party or an associate of that third party in that calendar year.

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## 3. Framework for decision making

The following decision-tree is suggested as a guide to assist in deciding whether a specific benefit is allowable:



## 4. Providing explanatory product specific marketing material to brokers

The TCF principles place an obligation on Sanlam Life to ensure that clients are fully informed about the products before they decide to enter into a contractual agreement with Sanlam Life. As Sanlam Life makes use of both in-house advisers (“representatives”) and brokers to distribute its products, access to such product related marketing material is not regarded as creating a conflict of interest when such material is provided to brokers to provide to current or potential clients.

## 5. Specific guidance

### a. Extending Invitations to brokers

#### (i) Golf Invitations

An invitation to a broker to attend a golf game is acceptable and is not viewed as creating an unallowable conflict of interest. The limitation is however that this may only include reasonable expenses to be paid for by the Sanlam Life (FSP2759 & FSP45741). Reasonable expenses would be linked to the specific circumstances of an event, but always limited to an overall maximum amount of R1000 per calendar year. As such an invitation falls within the definition of an allowable immaterial financial interest, this would need to be recorded and will be subject to the R1000 per annum immaterial financial interest limit.

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(ii) Sporting and similar events

As part of its normal marketing activities, companies within the Sanlam Group may at times host (or be asked to participate in) a charity event (e.g., sponsoring a golf event or hole). When Sanlam Life (FSP2759 & FSP45741) invites brokers to play (as part of the benefits afforded to Sanlam Life for its sponsorship), this is not regarded as creating an unallowable conflict of interest. The limitation set out in (a) (i) above applies.

(iii) Invitations to cultural events

The same limitation as set out in (a)(i) above applies.

b. Hosting Events for brokers

(i) Golf Day

Hosting a golf day for brokers is regarded as creating an unallowable conflict of interest.

(ii) Hunting/fishing

Hosting a social trip for brokers is regarded as creating an unallowable conflict of interest.

c. Inviting brokers to conduct a “due diligence” visit to Sanlam Head Office

Inviting brokers (and their managers) to interact with Sanlam Life (FSP2759 & FSP 45741) office staff is not regarded as an unallowable conflict of interest. The limitation would however be that no travel or accommodation costs may be paid for by the Sanlam Life. Normal business courtesies (linked to reasonable expenses) would be allowable but would be subject to the overall maximum of R1000 per annum in any calendar year.

d. Providing brokers with non-technical promotional marketing material to conduct promotional projects.

Providing brokers with a complimentary supply of Sanlam specific branded material to conduct their own promotional activities (not regarded as being product specific), is regarded as creating an unallowable conflict of interest.

Providing marketing material to brokers at the normal distribution price is acceptable.

(Bear in mind that providing free promotional material and including this as an “immaterial financial interest” is not allowed.)

e. Providing brokers with a Sanlam diary (or other date-linked items)

Providing a broker with a diary is not regarded as creating an unallowable conflict of interest. The cost of such a diary should however be included in the calculation of “immaterial financial interest” (in relation to such a broker).

f. Hosting product seminars

Sanlam Life may invite its clients to a function where its products are explained. At such a function Sanlam Life as the FSP and product provider is the host and sends out invitations to its clients (and prospective clients).

Brokers may request the product provider to send invitations to their clients, but the guest list remains the sole responsibility of the product provider. The FSP (product provider) may provide reasonable refreshments to its clients (and prospective clients) at such functions.

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g. Personal gifts of nominal value

Providing a supporting broker with a gift of a nominal value at special occasions e.g., at the end of the year, at birthdays, anniversaries is allowed provided that the cost of such gift should be included in the calculation of “immaterial financial interest” and compliant to the annual limit.