

## CONFLICT OF INTEREST

# Internal policy on managing potential conflict of interests and insider trading

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Legal and Tax Services (Pty) Ltd is an authorised Financial Services Provider, FSP No. 28566

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## 1. INTRODUCTION

- 1.1 Legal & Tax Services (Pty) Ltd (Hereinafter referred to as “Legal&Tax”) is an authorised Financial Service Provider, FSP No. 28566. Legal&Tax is the direct marketer and non-mandated intermediary of life insurance benefits underwritten by the product supplier Centriq Life Insurance Company Limited, and non-life insurance benefits underwritten by Centriq Insurance Company Limited (“Centriq”) a licensed insurer and authorised Financial Services Provider.
- 1.2 Benjy Porter is the CEO and Key Individual in respect of the LTS’s Life Insurance subcategory A and B1-A and Non-life Personal Lines Products and Avron Urison is the CEO of HealthCare and an authorised Key Individual. In each other’s absence the other will serve as acting Key Individual to participate in the decision-making and management of the organisation. Benjy Porter and Avron Urison are approved for all the sub-categories for which LTS is authorised to render advisory and intermediary services.
- 1.3 Legal&Tax conducts its business honestly and ethically. We constantly improve the quality of our services, products and operations and strive to create and maintain our reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of officers, directors, employees or affiliates is in the company’s best interest. Legal&Tax will not compromise its principles for short-term advantage. The ethical performance of Legal&Tax is the sum of the ethics of the men and women who work here, thus, we are all expected to adhere to high standards of personal integrity.

## 2. DEFINITIONS:

- 2.1 **New Entrance** - a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.
- 2.2 **Sign –on Bonus** - any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and a financial interest referred to the definition of a new entrance includes but is not limited to compensation for:
  - (a) The potential or actual loss of any benefit including any form of income, or part thereof; or
  - (b) The cost associated with the establishment of a provider’s business or operations, including the sourcing of business, relating to the rendering of financial services; or
  - (c) A loan, advance, credit facility or any other similar arrangement.



- 2.3 Officers, directors, and employees of Legal&Tax must never permit their personal interests to conflict, or appear to conflict, with the interests of the company, its clients or affiliates. This may include but is not exclusive to:
- 2.3.1 Real or perceived financial gain resulting from recommendations to our customers at a cost to the customer;
  - 2.3.2 An outcome in service delivery or a transaction executed that may differ from the real interest of the customer;
  - 2.3.3 Any non-cash incentives that may be received by the business from affecting any predetermined transaction and / or product;
  - 2.3.4 Effecting a transaction and / or product that may result in a benefit to another party other than the customer.
- 2.4 Officers, directors and employees must be particularly careful to avoid representing Legal&Tax in any transaction with others with whom there is any outside business affiliation or relationship. Officers, directors, and employees shall avoid using their company contacts to advance their private business or personal interests at the expense of Legal&Tax, its customers or affiliates.

### **3. MEASURES TO AVOID CONFLICT OF INTEREST**

- 3.1 No person may offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice. A category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from any person.

### **4. REPRESENTATIVE INCENTIVES AND REMUNERATION**

- 4.1 It is the policy Legal&Tax that no representative shall be remunerated as part of an incentive structure with its main or sole aim to increase production, by way of share options at a discount or by way of any cash on non-cash incentive, unless such incentive structure takes into account:
- A combination of quantitative and qualitative criteria; and
  - Is not limited to a specific product supplier; and
  - Is not limited to a specific product.
- 4.2 Any incentive as contemplated in this section must be linked to a particular incentive exercise and be approved by the CEO in writing prior to being implemented. All incentive projects must be disclosed to customers of Legal&Tax who are approached with a view to doing business with them in relation to



the incentive project and every incentive project must be attached to this policy, together with a description of the nature and basis of participation and any other rules as well as the duration of the incentive project.

## 5. GIFTING

- 5.1 No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organization in order to attract or influence business activity. Officers, directors and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment, in order to attract or influence business activity.
- 5.2 In order to further ensure the adherence to this requirement, the official policy of the business is as follows:
  - 5.2.1 Any gifts or gratuities over the value of R1 000 (one thousand rand) in the aggregate from any other person, including such person's associate as defined in Financial Services Board Notice 58 of 2010 may not be accepted by any person within the organization and neither may such gifts or incentives be given by any person in the company, to any third party;
  - 5.2.2 No gifts or gratuities may be accepted or given without written consent from the CEO, and all such gifts and accompanying documentation must be registered in the non-cash incentive/ gifts register. In exercising his discretion, the CEO must have regard to any commission regulations or other laws which may be breached by the receipt of such gift. A written statement from the giver explaining the reason for and purpose of the gift must accompany any request for authorisation. This provision also applies, without limiting the generality of the foregoing, to invitations to any functions including lunches, dinners, training interventions and prize givings.
  - 5.2.3 The gifts register shall be a book with fixed and numbered pages, similar to a minute book and all entries shall be made in chronological order in the book. No pages may be removed from the book. The gifts register shall be audited by the company's internal auditor or accountant on a monthly basis for the purpose of determining whether any gifts or incentives exceeded the aggregate value of R1 000 (one thousand rand). The results of the audit shall be communicated to the CEO. In determining whether any gift or incentive is to be allowed, the CEO shall have regard to this report.

## 6. DISCLOSURES

- 6.1 The Legal&Tax business model is such that benefits derived, if any, are of not a nature that would create a conflict of interest. As an FSP, it is compulsory to notify customers of any existing or potential



conflict of interest. Nevertheless, Legal&Tax informs all its customers that the provisions of the FAIS Act relating to conflict of interest management have been considered and that we have not identified any actual or potential conflicts of interest, either ownership interest, financial interest, third party relationships, associates or distribution channels as defined in the relevant legislation.

6.2 Customers are also informed that a copy of the conflict of interest policy is available upon request.

## **7. INSIDER TRADING**

7.1 Officers, directors and employees of Legal&Tax will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. This information, whether it is on behalf of Legal&Tax or any of its customers or affiliates could include strategic business plans, operating results, marketing strategies, customer lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about Legal&Tax, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

7.2 Officers, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.

7.3 Officers, directors and employees will refrain from gathering competitor intelligence by illegitimate means and refrain from acting on knowledge which has been gathered in such a manner. The officers, directors and employees of Legal&Tax will seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

7.4 Violation of this policy can result in disciplinary action being taken against the person, including possible termination of services. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

## **8. MANAGEMENT OF CONFLICTS**

8.1 LESSER CONFLICTS - When any staff member of Legal&Tax suspects a potential conflict of interest, that member shall be obliged to report it to the CEO. The content of any discussion as well as any decision made will be minuted. In assessing whether a conflict is material or of a lesser nature, regard must be had to the impact that such a conflict will have on Legal&Tax reputation, financial loss and internal erosion of ethical standards.



- 8.2 MATERIAL CONFLICTS - Material conflicts must be discussed with the CEO before any decision is made. Only the CEO or person authorised by him may make the final decision regarding a material conflict.

## 9. MANAGEMENT AND MITIGATION

- 9.1 The executive committee of Legal&Tax will review all conflicts on a quarterly basis and make recommendations regarding steps to avoid a recurrence of those aspects. The CEO will accept responsibility for the implementation of all steps necessary. Notice of the attention paid to conflict of interest must be contained in the minutes of the meetings of the executive committee and the relevant extracts of the minutes must be made available to the company's compliance officer on request, the purpose of which is to enable the compliance officer to report on compliance with this policy.
- 9.2 Where a conflict is identified and a decision made, the nature of the decision must be communicated to the third party in writing as soon as possible. This applies regardless of whether the decision was made to cease doing business or continue with the business at hand despite the existence of the conflict. It is important for the preservation of the corporate integrity that these disclosures are made at all times.

## 10. LIST OF ASSOCIATES AND THIRD PARTIES

- 10.1 All shares in Legal&Tax are held by BHBH Investments (Pty)Ltd, the Daniel Kirsh Family Trust and the Peter Maw Family Trust. Legal&Tax does not have any associates.

## 11. STAFF TRAINING AND GENERAL AWARENESS

- 11.1 All Legal&Tax staff have been trained and provided access to a copy of this policy.
- 11.2 Customers, existing and future, are made aware of the existence of this policy and posted on the c Legal&Tax website.

### Signature of Key Individual

Benjy Porter

CEO

Please contact compliance for further information on any aspect/s of this policy document. Copies of associated policies can be requested from Compliance at [compliance@legalandtax.co.za](mailto:compliance@legalandtax.co.za).