



## CONFLICT OF INTEREST POLICY

Version 1.0

### 1. OVERVIEW

- 1.1 This policy is an O2 Brokers Policy.
- 1.2 All individuals employed or contracted by O2 Brokers in any capacity whatsoever, including directors, are subject to this policy and must ensure that they, at all times, comply with this policy.
- 1.3 Entities contracted to O2 Brokers and its Business Entities as service providers or contractors must also ensure that this policy is complied with during the course of the relationship with O2 Brokers.

### 2. PURPOSE

- 2.1 The purpose of this policy is to outline O2 Brokers' approach to recognise and effectively manage both real and perceived conflicts of interest that may arise between individuals subject to this policy and:

O2 Brokers; or  
Clients of O2 Brokers; or  
Any other stakeholders associated with O2 Brokers.

- 2.2 Unmanaged actual or perceived conflicts of interest can lead to significant consequences, impacting O2 Brokers' reputation and finances, as well as its relationships with clients and other stakeholders. To determine the presence of a conflict, it is essential to exercise sound judgement, taking into account the specific circumstances in each case.
- 2.3 The primary objective of this O2 Brokers policy is to establish a framework for addressing potential conflict of interest scenarios with the organisation.
- 2.4 It's important to note that the Conflict of Interest policy's purpose is not to discourage employees from pursuing their private or personal interest. Instead, it aims to regulate and manage potential conflicts that may arise due to these interests.

### 3. SCOPE

- 3.1 This policy applies to all FAIS Representatives, including those under supervision, and Key Individuals. The principles outlined below are in alignment with the FAIS Code of Conduct as amended in April 2010.
- 3.2 O2 Brokers or its representatives must make every effort to prevent conflicts of interest between a product provider and client, as well as between representatives and clients.
- 3.3 In cases where conflicts of interest cannot be avoided, O2 Brokers or interest between a product provider and clients, as well as between representatives and clients.
- 3.4 In cases where conflicts of interest cannot be avoided, O2 Brokers or its representatives must take measures to minimize these conflicts with respect to their clients.

#### Disclosure of Conflicts:

- O2 Brokers or its representatives are required to promptly and in writing disclose all conflicts of interest to their clients. This disclosure should include:
  - The steps taken to prevent or mitigate the conflict.
  - Any ownership interest or financial interest in O2 Brokers or the representative may have or may become eligible for.
  - A detailed explanation of any relationship or arrangements with third parties that result in conflicts of interest, ensuring that the client fully understands the nature of these relationships and the associated conflicts.

#### Code of Conduct and FAIS Conflict of Interests Section:

- O2 Brokers or its representatives must inform their clients about the O2 Brokers Code of Conduct and the section on FAIS Conflict of Interests contained therein.

#### Financial Interests:

O2 Brokers or its representatives may only receive or offer the following financial interests:

- Commissions and fees for providing financial services authorised under the Long-Term Insurance Act, Short-Term Insurance Act, and Medical Schemes Act.

- Fees agreed upon in writing by the client if not covered by the abovementioned Acts and for the provision of financial services. The Client has the right to terminate these fees at any time.
- Fees or remuneration for providing services to a product supplier, which must be reasonable and commensurate with the services rendered.
- Insignificant financial interests (not exceeding R1,000.00 per annum, per vendor) and limited to two gifts every six months from the same vendor.
- Financial interests not mentioned above for which consideration, fair value, or remuneration is paid by [bank] or its representatives.
- All fees, commissions, and remuneration received or paid by O2 Brokers or its representatives must be documented and audited in accordance with the prescribed O2 Brokers procedure.
- Any insignificant financial interests received, such as gifts, must be disclosed.
- Prohibited Financial Interest Offers.

O2 Brokers is prohibited from offering financial interests to its representatives or associates for the following:

- Prioritising the quantity of business obtained over the quality of service provided to clients.
- Prioritising on product supplied when a representative may recommend multiple suppliers to a client.
- Prioritising a specific product from a supplied when a representative may recommend more than one product from that supplier.

#### **4. CONFLICT OF INTEREST PROVISIONS IN CONTRACTS:**

- 4.1 When issuing a Request for Proposal or Tender, respondents must declare the absence of any conflict of interest. Alternatively, they should be given the opportunity to disclose any actual, potential, or perceived conflicts.
- 4.2 An illustrative clause for inclusion in all contracts with third-party providers is presented in Annexure B. This clause serves as an example, and its wording can be adjusted as needed. The Integrity & Compliance Unit may also issue additional guidance on contractual clauses. O2 Brokers and Business Entities should consult their legal advisors before entering into contracts with third-party service providers.

#### **5. MANAGEMENT ACTIONS:**

- 5.1 Upon receiving a disclosure of a conflict of interest, the relevant level of management should assess the seriousness of the potential impact of the conflict and determine appropriate actions. The significance of the risk should be assessed based on the responsibilities of the disclosing party, as well as the nature and type of the declared direct or indirect interests.
- 5.2 The O2 Brokers Human Resources & Remunerations (HRRC) Committees are responsible for reviewing and approving disclosures made by directors of O2 Brokers. Cluster Human Resources and Remuneration Committees will handle the review and approval of disclosures made by directors of legal entities within their respective clusters.
- 5.3 When addressing a disclosure of an actual, potential, or perceived conflict of interest, decision makers have three available options:
  - Approve and permit the disclosed interest.
  - Conditionally approve the disclosed interest.
  - Disallow the disclosed interest.
- 5.4 If the disclosed interest is determined not to constitute a conflict and does not pose any reputational, financial, regulatory, or conduct-related risks to the O2 Brokers, the interest may be approved and allowed. The decision must be documented. In the case of an employee, the decision should also be recorded in SharePoint or any other suitable record-keeping system. The employee is responsible for promptly disclosing any changes in the nature of the interest, and employee management should monitor the potential conflict risk.
- 5.5 There may be situations where conditional approval of a disclosed interest is justified. Conditional approval may be granted when the daily activities of the disclosing party present minimal conflict of interest risk and/or appropriate management measures have been put in place to mitigate the risk.
- 5.6 The conditions of the approval must be clearly documented and communicated. Individuals making the disclosure should not participate in any subsequent discussions or decisions regarding matters related to the disclosed interest.
- 5.7 Decisions related to disclosures should be documented and stored along with the director's contract. For all other disclosures, management is responsible for reviewing and approving, or not approving. Decisions made by management regarding employee disclosures should be recorded in SharePoint or any other suitable record-keeping system.

## **6. INTOLERABLE CONFLICTS OF INTEREST**

- 6.1 Certain activities or private or personal interests may give rise to a conflict that poses an intolerable level of risk to O2 Brokers and must not be permitted. The decision and the rationale for prohibiting the continuation of the conflict must be clearly documented and conveyed to the individual who made the disclosure.
- 6.2 When a decision is made not to approve a disclosed conflict of interest, the individual should be granted a reasonable period to disengage from the conflict situation.
- 6.3 Annexure A provides examples of situations where conflicts of interest may present an intolerable risk, but this is not an exhaustive list. The O2 Brokers Business Integrity & Compliance Unit may, from time to time, release guidance with additional scenarios. Such guidance should be read in conjunction with this policy and serve as supplemental information under this Policy.

## **7. ANNUAL REPORTING TO THE O2 BROKERS BOARD COMMITTEES ON CONFLICTS OF INTEREST**

- 7.1 Each year, a comprehensive report is to be presented to O2 Brokers HR and Legal Team, outlining the current state of conflict-of-interest management within O2 Brokers. This report will be submitted by the O2 Brokers Business Integrity and Compliance Unit or the Group HR Executive, as appropriate. It should cover various conflict categories (such as directorships, private ventures, family affiliations, and close friendships) and include the following details:
  - A summary of the number of employees who have disclosed their interests.
  - A summary of the number of conditional approvals granted and conflicts disallowed.
  - Identification of high-risk areas related to conflicts of interest.
  - A summary of the conflict-of-interest disclosures and the corresponding management actions taken by third-party providers.
- 7.2 O2 Brokers HR bear the responsibility of ensuring that the disclosure and approval processes are applied consistently throughout the O2 Brokers.

## **8. BREACH OF THIS POLICY**

- 8.1 Failing to disclose when required under this Policy constitutes a violation of the O2 Brokers Code of Ethics and this Policy. Such violations will be addressed according to O2 Brokers' or the respective entity's disciplinary code.
- 8.2 Serious breaches of this Policy may lead to the termination of the employer-employee relationship and may even result in civil or criminal legal action. Agreements with temporary employees and vendors should include relevant termination or penalty clauses to effectively manage conflicts of interest risk. O2 Brokers HRRCs are responsible for reviewing any breaches of this policy by a director or an executive management member and determining appropriate courses of action.



## ANNEXURE A: PROHIBITED ACTIVITIES AND PRIVATE INTERESTS

Activities or private interests that are prohibited include, but are not restricted to:

- Discussing the performance or decisions that might influence the contracting of any third party (including suppliers, clients, or business partners) in which the employee or a family member holds a significant investment or from which they expect to gain financial benefits.
- Utilizing confidential information for personal gain or disclosing this information to third parties, whether for a fee or not, to assist them in entering into agreements with O2 Brokers.
- Engaging in insider trading: Exploiting non-public knowledge obtained during one's affiliation with O2 Brokers for personal advantage.
- Using O2 Brokers' property for personal interests. This encompasses the use of software licensed to O2 Brokers for personal consulting work or excessive use of O2 Brokers' communication network for personal matters.
- Involvement in any external activities that compete with O2 Brokers' business.
- Engaging in external interests that heavily demand the employee's time and energy and disrupt their capacity to fulfil their responsibilities at O2 Brokers. This includes, but is not limited to, running a personal business during working hours.
- Approaching clients, suppliers, and/or business partners of O2 Brokers for personal purposes or establishing a personal business.



## **ANNEXURE B: PROPOSED CONTRACTUAL CLAUSE FOR THIRD-PARTY PROVIDERS**

"The Vendor is responsible for taking all necessary measures to prevent conflicts of interest involving its employees, directors, or major shareholders and to ensure that the services/products provided under this contract do not conflict with any of its other business activities or services. O2 Brokers retains the right to assess the sufficiency of these measures and may require additional actions if deemed necessary.

In the event of a conflict of interest arising, the Vendor commits to promptly resolve the conflict without any compensation from O2 Brokers.

The Vendor agrees to annually disclose, before January 31st each year during the contract's term, any actual, potential, or perceived conflicts of interest reported by its employees, directors, or major shareholders concerning O2 Brokers or any conflicts related to O2 Brokers' business. The disclosure should provide comprehensive information about any activities or interests that could lead to or have the potential for a conflict of interest, along with full details about the relationships involved. It should also cover the actions taken by the Vendor to eliminate these conflicts.

If a conflict of interest arises during the year, the Vendor will notify O2 Brokers in writing within seven business days of becoming aware of the conflict.

The Vendor commits to refraining from entering into any contracts that could compromise its independence in delivering the contracted services and/or products to O2 Brokers.

The Vendor warrants that, to the best of its knowledge and unless otherwise disclosed, there are no relevant circumstances that may result in conflicts of interest during the provision of the contracted service/product to O2 Brokers."