



*The Specialist Insurer*

## **COMPASS INSURANCE COMPANY LIMITED CONFLICT OF INTEREST MANAGEMENT POLICY**

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### **SCOPE OF THE CONFLICT OF INTEREST OF MANAGEMENT POLICY**

This policy is aligned with the *General Code of Conduct for Authorised Financial Services Providers and Representatives Amendment Notice, 2010* ("the Code"), published in Board Notice, 58 of 2010 and the words and expressions used in this policy will bear the meaning assigned to them in accordance with the Code.

Full details of this policy as well as a copy of Board Notice 58 of 2010 are available on our website: [www.compass.co.za](http://www.compass.co.za). Hard copies will be furnished upon request.

### **INTRODUCTION**

The directors, managers and employees of Compass Insurance Company Limited ("Compass") aspire to the highest level of ethical conduct in our work. Compass also values the knowledge gained from such individuals' involvement with other organisations. Inevitably, from time to time, such affiliations may create or appear to create conflicts with the individual's duty to the company. To ensure that the company's decisions are free of any conflicts or other inappropriate influences, the Board has adopted the following policy concerning conflicts of interest and gifts.

We will constantly improve the quality of our services, products and operations and ensure that we maintain our reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment.

### **LIST OF ASSOCIATES**

Compass is a wholly owned subsidiary of Hannover Reinsurance Africa Limited, which is a wholly owned subsidiary of Hannover Reinsurance Group Africa (Pty) Limited.

### **CONFLICT OF INTEREST**

1. Compass will avoid and where this is not possible, mitigate any conflict of interest situations, as defined in Board Notice 58 of 2010.
2. Compass confirms that it will only offer a financial interest to other financial service providers in the form of-

- 2.1 Commission authorised in terms of the Short-term Insurance Act, No 53 of 1998;
- 2.2 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;
- 2.3 An immaterial financial interest, as defined in Board Notice 58 of 2010.
- 2.4 Any immaterial financial interest offered to a financial service provider in 2.4 above, must be fully disclosed in the company's electronic "Conflict of Interest & Gifts Register".

## PERSONAL INTEREST

3. All employees of the company must never permit their personal interests to conflict, or appear to conflict, with the interests of the company, its clients or associates. This may include but is not limited to:
  - 3.1 Effecting a transaction that may benefit a third party at the expense of the client.
  - 3.2 Involvement in an undertaking that competes, either wholly or partly, with the company. Any financial participation in companies which are in competition with Compass or its business partners is subject to the prior approval of the Board, however this does not apply to investments in JSE listed shares.
  - 3.3 Additional paid employment outside of the company. Permission to take part in any additional paid employment, or any other activities which are aimed at profit generation, outside of the company, or during company time, must be obtained in advance and in writing from the Managing Director of Compass. (This excludes passive investments in any Stock Exchange or similar investments conducted either individually or through a private syndicate or group.) Approval for other employment or activities shall be declined if it could lower the employee's performance level at the workplace, if it is contrary to the employee's duties within the company, or if there is a potential risk of a conflict of interests.
  - 3.4 Representation of the company in any transaction where an affiliation or non business relationship with the other party exists. All employees must be particularly careful not to represent Compass in any transaction where they have an outside business affiliation or relationship with any party that has an interest in that transaction. An employee may only represent the company in business transactions in which the employee or persons close to the employee is directly involved with the prior approval of the Board.

## GIFTS & OTHER BENEFITS

4. No employee is allowed to accept gifts or other benefits in connection with his/her business activities which go beyond accepted norms. The following limits and guidelines will apply in respect of all gifts:

- 4.1 Any gifts over the value of R1000.00 received in a calendar year from any work related source may not be accepted by any person within the organisation. The reported value of the gift is the fair market value on the date it was received.
- 4.2 Any gift in excess of R1000.00 which cannot easily be declined because of the nature of the business relationship must be approved by the Managing Director of Compass before it may be accepted. If approved, such gift must be recorded in the "Conflict of Interest & Gifts Register."
- 4.3 Any gifts between the value of R300.00 to R1000.00 may be accepted with Compass' EXCO consent, but must be registered in the "Conflict of Interest & Gifts Register".
- 4.4 Any gifts below the value of R300.00 may be accepted without Compass' EXCO approval, however if more than 3 gifts are received from the same client in any one calendar year details of each gift must be recorded in the "Conflict of Interest & Gifts Register".
- 4.5 If there is any doubt as to whether a gift is acceptable or not, or whether the value falls within any of the categories, the gift must be declared in the "Conflict of Interest & Gifts Register" and discussed with a Compass EXCO member.
- 4.6 Where the value of a gift is excessive, the gift must be returned gracefully.
- 4.7 Invitations to business dinners within usual business practices may be accepted. Invitations to entertainment functions such as sports events, shows or other social occasions may be accepted if they conform to usual business practices and provided that a representative of the host company is present. If there is any doubt, prior approval must be obtained from a Compass EXCO member; and
- 4.8 Where the value falls into the categories outlined in 4.3 above, it must be declared in the "Conflict of Interest & Gifts Register".

#### COMPLIANCE WITH THIS POLICY

5. All directors, managers and employees are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.
6. Comprehensive training in respect of this policy and Board Notice 58 of 2010 will be provided by the company's Legal & Compliance Officer.

7. The company's registered Compliance Officer will include monitoring of this policy as part of his/her general monitoring duties and will report thereon in the annual compliance report.
8. EXCO will provide an annual report to the audit committee reflecting all transactions in which there was a conflict of interest and the actions taken in each instance.
9. Compass may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with this policy, including Board Notice 58 of 2010, through an associate or an arrangement involving an associate.
10. This policy will be reviewed annually and updated, if applicable.
11. Any director, manager and employee who is in breach of this policy, including the provisions of Board Notice 58 of 2010, will be subjected to disciplinary steps taken against him/her and if found guilty, may be summarily dismissed, and also face debarment in terms of FAIS, where applicable.

APPROVED BY THE BOARD ON THIS 17<sup>th</sup> DAY OF **MARCH 2011**.