



FSP NO: 47852

# CONFLICT OF INTEREST MANAGEMENT POLICY

Section 3A of the FAIS General Code of Conduct has been amended effective 26 December 2020, whereby the scope of requirements for Conflict of Interest have been altered and expanded to include a more principle-based approach.

In this regard, JBS Brokers:

- Has adopted these changes into our Conflict of Interest Management Policy,
- related processes and procedures have been updated and
- suitable staff training has taken place to ensure that all members of staff are aware of the changes to the General Code of Conduct.

Our Conflict of Interest Management Policy should be read in conjunction with our Remuneration Policy, which specifies the type of and the basis on which a representative (and administrative staff) of JBS Brokers will qualify for a financial interest.

## 1. Introduction

JBS Brokers is required to maintain and operate an effective organisational and administrative process to ensure that all reasonable steps to identify, monitor and manage any instance of conflict of interest which may occur, is taken.<sup>1</sup>

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<sup>1</sup> Section 3A(2)(a) of the FAIS General Code of Conduct ("GCOC) stipulates that every financial services provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act.

## 2. Purpose

The purpose of this policy is to:

- Comply with the above mentioned obligations,
- provide the documented process to be followed to identify, mitigate and manage the conflicts of interest to which JBS Brokers is/may be a party to, and
- ensure alignment between the values of JBS Brokers (as contained in our Code of Conduct) and the conduct of all members of staff by safeguarding clients' interests and ensuring the fair treatment of clients.

JBS Brokers is committed to ensuring that all business is conducted in accordance with good business practice.

Due to the nature of the industry within which we conduct our business, JBS Brokers may potentially be exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest which could cause a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems with the purpose of preventing damage to our clients' interests through the management of any identified conflicts of interest.

To achieve the objectives set out above, this policy sets out the rules, principles and standards of JBS Brokers's conflict of interest management procedures, by documenting them in a clear and understandable format.

## 3. Scope of the application of the Policy

This policy is applicable to JBS Brokers, its Key Individual(s), its Representative(s) and other members of staff,<sup>2</sup> together with all its contracted product providers. JBS Brokers is committed to ensuring compliance with this policy and the processes mentioned herein will be monitored on an ongoing basis.

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<sup>2</sup> At the moment, JBS Brokers does not employ any additional staff.

Any non-compliance<sup>3</sup> with the policy which may be identified, will be viewed in a severe light and will be dealt with accordingly. Non-compliance will be subject to disciplinary procedures in terms of the FAIS Act, in addition to employment conditions, and can ultimately result in debarment or dismissal, depending on the severity of the non-compliance.

#### 4. Understanding Conflict of Interest

A 'conflict of interest' can be defined as

*"any situation in which JBS Brokers or one of our representatives has an actual or potential interest that may, in rendering a financial service to our clients -*

- influence the objective performance of obligations to that client; or*
- prevents us from rendering an unbiased and fair financial service, or*
- prevents us from acting in the interests of that client".*

An "actual or potential interest" includes but is no limited to:

- A **financial interest**, which includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration which exceeds R1000 per calendar year.<sup>4</sup>*
- An **ownership interest** which means any equity or proprietary interest and any dividend, profit share or similar benefit derived from that equity or ownership interest.*
- Any **relationship with a third party**, meaning any relationship with a product supplier, other FSP's, an associate of a product supplier or an associate of JBS Brokers. A third party also includes any other person who, in terms of an agreement or arrangement, provides a financial interest to JBS Brokers or its representatives.*
- An **immaterial financial Interest**, which is any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third-party in that calendar year received by –*
  - a provider who is a sole proprietor; or*
  - a representative for that representative's direct benefit;*

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<sup>3</sup> Avoidance, limitation or circumvention of this policy by any member of staff will be deemed non-compliance.

<sup>4</sup> Financial Interest excludes an ownership interest and Training, that is not exclusively available to a selected group of providers or representatives where that training is related to products and legal matters relating to (1) those products, (2) General financial and industry information, (3) Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training and (4) qualifying enterprise development contribution to a qualifying beneficiary entity.

- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

<p><b>The type of Financial Interest that may be given and received:</b></p>	<p>JBS Brokers and its Representatives may only offer to and receive specific financial interests from a third party<sup>5</sup>, which includes:</p> <ul style="list-style-type: none"> <li>• Commission as authorised under the Short-term Insurance Act (53 of 1998),</li> </ul>
<p><b>The basis upon which financial interest may be given and received:</b></p>	<p>Financial interest may only be offered or received by JBS Brokers and its Representatives, if:</p> <ul style="list-style-type: none"> <li>• The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it – in this regard, commission will only become payable once a short-term insurance application is successful and the policy remains in place.</li> <li>• The payment of those financial interests does not result in JBS Brokers being remunerated more than once for performing the same service – in this regard, no additional fees are being collected</li> <li>• Any actual or potential conflicts between the interests of clients and the interests of the person receiving those financial interests are effectively mitigated by means of suitable disclosure – in this regard, mention is being made in each Disclosure Letter of the fact that JBS Brokers receives more than 30% of its commission from Frontline and Leppard; and</li> <li>• The payment of those financial interests does not impede the delivery of fair outcomes to clients – in this regard, a standardised advice process is followed with the most suitable options being identified for each client, based on the needs of that client.</li> </ul>
<p><b>Financial Interests for Representatives:</b></p>	<p>JBS Brokers may not offer any financial interest to its Representative –</p> <ul style="list-style-type: none"> <li>• For 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.</li> </ul>

<sup>5</sup> Section 1 of the FAIS General Code of Conduct stipulates that “third party” means a product supplier, another provider, associate of a product supplier or a provider, a distribution channel and any person who in terms of an agreement or arrangement with a person referred to previously provides a financial interest to a provider or its representatives.

	<ul style="list-style-type: none"> <li>• For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client</li> <li>• That is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for clients.</li> </ul> <p>In this regard, all representatives are paid a basic salary as agreed upon in the employment contracts irrespective of the number of new cases being submitted or the product provider being recommended. No commission applicable.</p>
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In relation to the requirement of the delivery of fair outcomes for clients, JBS Brokers must demonstrate that before a representative may be given a financial interest, the following requirements must be met:<sup>6</sup>

- The achievement of minimum service level standards in respect of clients
- Delivery of fair outcomes for clients; and
- Quality of the representative's compliance with the FAIS Act.

In this regard, a standardised advice process (known as the 7-step process) is followed whereby:

Step 1:	A professional relationship is established. Mention is always made in the record of Advice as to the services which has been agreed upon (ie, if comprehensive insurance is being considered, for example)
Step 2:	Gathering relevant information about the client and determining needs and goals
Step 3:	Conducting a suitable financial needs analysis (a manual suitable cover and affordability analysis) evaluating of the client's financial situation
Step 4:	Developing a 'financial plan' which addressed the client's identified needs and objectives, with recommendations and alternative proposals
Step 5:	Ensuring that all relevant aspects are explained to the client in a manner which he will understand. Ensuring that the client is provided with sufficient information to allow him to make an informed decision based on all relevant

<sup>6</sup> These measurable indicators are agreed in writing between JBS Brokers and its Representatives. Sufficient weight (significance) is attached to these indicators to materially mitigate the risk of the representative(s) giving preference to the quantity of business secured for JBS Brokers over the fair treatment of clients.

	aspects for consideration. This process needs to be fully documented by means of the completion of a Record of Advice
Step 6:	Implementation of the proposed recommendations – submitting an application to the relevant product provider
Step 7:	Monitoring of the recommendations and reviewing of the policy at least annually.

## 5. Processes and Internal Controls to Manage Conflict of Interest

To adequately manage the occurrence conflict of interest, JBS Brokers must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which this policy applies, JBS Brokers considers whether there is a material risk of unfair treatment or bias for the client, taking into account whether JBS Brokers or its Representative:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client in question;
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

A positive answer to any of the above-mentioned instances is indicative of an instance of conflict of interest being applicable.

All members of staff (Representatives and Administrative staff) are responsible for identifying specific instances of conflict. In the instance that such a conflict is identified (or suspected, Samantha Jonker (in her capacity as the Key Individual) needs to be notified (via email). She will be responsible to assess the implications of the conflict and identify the manner in which the conflict should be managed, acting impartially to avoid a material risk of harming clients' interests. In this regard, she will assess each identified instance of conflict of interest to determine the following aspects:

- whether the conflict is actual or perceived,
- what the value of the conflict or exposure is
- the control(s) that need to be put in place to manage the conflict

To ensure that JBS Brokers can identify, avoid and/or mitigate instances of conflict of interest, JBS Brokers have created a culture of awareness and knowledge of applicable stipulations, through the training of staff in this regard.<sup>7</sup> Each member of staff is aware that where the occurrence of a conflict of interest cannot be avoided, these instances need to be recorded on our Conflict of Interest Register. Please refer to **Annexure A – Conflict of Interest Register** in this regard.

<b>Measures for mandatory disclosures of conflict of interest, to ensure transparency and manage conflict of interests</b>	<p>Where the occurrence of a conflict of interest cannot be avoided, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using the services of JBS Brokers</p> <ul style="list-style-type: none"><li>• this will be done during the introductory meeting with a client</li><li>• and be evidenced in the Client Disclosure Letter</li><li>• the monetary value of non-cash inducements will be disclosed to clients<sup>8</sup></li></ul> <p>The client must be informed on the Conflict of Interest Policy and where they may access the policy.</p> <p>Samantha Jonker will be responsible to ensure compliance in this regard</p>
<b>Ongoing monitoring of Conflict of Interest Management</b>	<p>Samantha Jonker is responsible to monitor this policy and to monitor and assess all related matters in this regard. As a bare minimum, this policy shall be reviewed annually and updated if applicable</p> <p>Masthead (Pty) Ltd (as the Compliance Officers on record) will include monitoring of the Conflict of Interest policy as part of their general monitoring duties and will report thereon in both the quarterly report to JBS Brokers and the annual compliance report.</p>
<b>Training of Staff</b>	<ul style="list-style-type: none"><li>• All members of staff are required complete the Masthead Online Conflict of interest and Remuneration course.</li><li>• Training on this aspect will also be incorporated into the 'new employee' induction process.</li><li>• As a standing agenda item, conflict of interest will be discussed during every management and staff meeting.</li></ul>

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<sup>8</sup> Currently, JBS Brokers received more than 30% of its commission from Frontline and Leppard.

Conflict of Interest Register	<p>The following items must be recorded in the COI Register, please refer to <b>Annexure A – Conflict of Interest Register</b> in this regard:</p> <ul style="list-style-type: none"><li>• All gifts,</li><li>• financial interest,</li><li>• immaterial financial interest and</li><li>• any other relevant COI situations</li></ul>
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## 6. Adoption of Policy

Date	Version	Detail of change or amendment	Person	Signature
		Policy updated to included changes to the Genera Code of Conduct		

EST — 016

INSURANCE

JBS

BROKERS

COMMITTED TO PROVIDING  
EXCEPTIONAL CUSTOMER SERVICE

FSP no 47852

## Annexure A – Conflict of Interest Register

Type	Date Received	From	To	Reason	Value	Approved?	Approver	Sign
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		

JBS Brokers takes pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests