

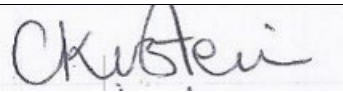


## Conflict of Interest Management Policy

for

DJA Aviation (Pty) Ltd

FSP#:15808

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<b><u>Reviewed and Approved by:</u></b>  Carol Kirstein (Director and Key Individual)	



CONFLICT OF INTEREST MANAGEMENT POLICY

STRICTLY PRIVATE AND CONFIDENTIAL

DJA Aviation (Pty) Ltd

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**PURPOSE:**

The management of DJA sees the company as a firm of expert practitioners operating in short term insurance as a professional aviation advice-giving company. Therefore, the company's actions must be open to scrutiny by clients, potential clients and in some cases members of the public.

Consequently, there must exist a duty of loyalty and fidelity by management and staff who have the responsibility of administering the company's affairs honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of clients. Those persons must exercise the utmost good faith in all transactions involved in their duties, and they must not use their positions within the company or knowledge gained therefrom for their personal benefit. The interests of the company and its clients must be the priority in all decisions and actions.

**PERSONS CONCERNED:**

For the purpose of this document, the term employee includes directors, managers and all permanent staff as well as contract staff who can influence the actions of others. For example, in addition to those of our staff that have direct dealings with clients and recommend products to them, this would include all who make purchasing decisions and anyone who has proprietary information concerning a client.

**AREAS IN WHICH CONFLICTS MAY ARISE:**

Conflicts of interest may arise in the relations of employees with any of the following third parties and any company with which our company and/or our employees have an association, by shareholding or any other interest including:

1. Persons and firms supplying goods and services to the company;
2. Persons and firms from whom the company leases property and equipment;
3. Competing companies;
4. Agencies, organizations and associations including insurers, underwriting managers, administrators and other brokers with whom the company transacts business;
5. Family members, friends, and other employees.

Conflicts of interest may also arise in the method by which we remunerate our staff, particularly if we provide incentives to our representatives for the quantity of business secured without appropriate quality assurance mechanisms in place.

**NATURE OF CONFLICTING INTEREST:**

In regard to those employees that provide advice and or intermediary services to clients, the definition of a conflict of interest includes:

“any situation in which our company or a representative of our company has an actual or potential interest that may, in rendering a financial service to a client, –



- (a) influence the objective performance of his, her or its obligations to that client; or
- (b) prevent our company or our representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

In respect of all employees, possible conflicts include:

1. An employee owning shares or holding debt or other proprietary interests in any third party or associated company.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party or associated company.
3. An employee receiving remuneration of any type whether commission or otherwise for services from another person or company.
4. An employee using our company's time, personnel, equipment, supplies, or goodwill for purposes other than approved activities, programs, and purposes.
5. An employee receiving gifts for birthdays and other special occasions;
6. An employee receiving money, vouchers, or anything that can be converted to money from any other person or company for 'selling' specific services or products whether in pursuance of the employee's occupation or otherwise;
7. An employee being invited to lunches/dinners/shows and other entertainment events;
8. An employee receiving or accepting special travel or holiday facilities at discounted prices or as an award for providing leads or business to another company;
9. An employee providing leads to businesses owned by family and friends, whether for reward or otherwise;
10. An employee distributing products and/or services provided by businesses owned by family and friends for reward or otherwise;
11. Any activity involving clients by which family and friends can financially benefit.
12. An employee receiving personal gifts or loans from any other companies or persons dealing or competing with our company.

Receipt of any gift is disallowed except gifts of a value less than R200 which could not be refused without discourtesy and do not exceed R1000 in any one calendar year. No personal gift of money is allowed under any circumstances.



**In respect of our company as provider, possible conflicts are:**

1. Our own company owning shares or holding debt or other proprietary interests in any third party or associated company;
2. A third party company owning shares in our company;
3. Our company earning receiving more than the regulated commission whether arising from additional services provided to the client or the supplier or otherwise;
4. Our company making payment to another FSP or third party which enables that FSP to earn more than the regulated commission;
5. Arranging agency contracts with selected insurers;
6. Methods of employee remuneration.

**INTERPRETATION:**

The areas of conflicting interest listed above and the relations in those areas which may give rise to conflict are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that employees will recognize such areas and relation by analogy. It is this company's policy to identify all possible areas of potential or actual conflict and list them in this document. For this reason, it is every employee's responsibility to report possible unidentified conflicts to the managing director for evaluation and where necessary, inclusion in the "conflict of interest summary".

The fact that one of the interests described above exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the company's interests or interests of clients.

However, it is the policy of the company that the existence of any of the interests described above shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Similarly, it is the responsibility of all employees to identify and report on possible conflicts of interest that may emanate from the working relationship that this company has with any of its associates or other business partners, whether there is a financial interest or otherwise.

**DISCLOSURE TO CLIENTS**

We will disclose all conflicts of interest and potential conflicts of interest to our clients in at least one of the following ways:



1. By declaring them verbally at the point of sale;
2. By declaring them in writing as soon as practicably possible following a sale.

In selecting one or both of the above, we will take into account the type of conflict and the impact it might have on the client's decision to purchase our products/services or not. All incentives will be disclosed at the point of sale, as will the responsibilities of each and every company in the service delivery chain.

#### **ASSOCIATE COMPANIES AND/OR RELATIONSHIPS**

**DJA** is a subsidiary of **the i capital group**, a niche financial services firm. **i capital (Pty) Ltd**, the group's holding company, holds i capital's operating entities. Currently these comprise of:

Short-term insurance intermediaries:

A majority holding in:

- Lionel Isaacs Insurance Brokers (Pty) Ltd
- Lionel Isaacs Life, Health and Wealth (Pty) Ltd
- i capital advisers (Pty) Ltd
- i capital Risk Services (Pty) Ltd t/a Associated Insurance Brokers
- DJA Aviation(Pty) Ltd

A minority holding in:

- Protector Insurance Brokers (Pty) Ltd

#### **TRANSACTIONS WITH ASSOCIATED COMPANIES**

Transactions with parties with whom a potential or actual conflict of interest exists may be undertaken only if all of the following are observed:

1. The conflict of interest has been identified and attempts to avoid it have not been successful;
2. The conflict of interest has been mitigated as far as possible;
3. The conflict of interest is fully disclosed to clients where appropriate;
4. An employee with the conflict of interest is excluded from the discussion and approval of such transaction is provided by the Key Individual responsible for that employee;
5. A competitive quotation, bid or comparable valuation exists and has been properly evaluated and where involving a client has been properly explained;



6. The responsible Key Individual has determined that the transaction is in the best interest of the company and its clients.

If there is any doubt, reference should be made to the Managing Director who shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable.

**CONFLICT OF INTEREST EMPLOYEE ACCEPTANCE**

Every employee is requested to sign a statement of acceptance whereby every supplier or outside third party, whether an associate of our company or otherwise that offers to provide any incentive of whatsoever nature to any of our employees or associate companies, is to be immediately reported to the internal Compliance Officer.

Incentives include cash or cash equivalent, vouchers, gifts, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration except for incentives the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year.

The statement also requires employees to provide information with respect to businesses and/or parties with whom DJA deal that are related to them, including a spouse, domestic partner, child, mother, father, brother or sister; any corporation or organization of which the employee is a board member, an officer, a partner, participates in management or is employed by, or is, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and any trust or other estate in which an employee has a substantial beneficial interest or as to which an employee serves as a trustee or in a similar capacity. This statement is deemed included in every employee's service contract.



### CONFLICT OF INTEREST SUMMARY

Possible conflicts of interest identified	Measures for avoiding the conflict	Mitigating the conflicts of interest	Measures for disclosure	Internal controls	Consequences of non-compliance
Employees receiving gifts, vouchers, holidays or any other 'handout' from suppliers	All prohibited except individual gifts of less than R200 or not more than R1000 in any one calendar year	None necessary	None necessary	Ongoing declaration of honesty by employee	Disciplinary action.
Employees being employed by another company	Only allowed if not competing with our company or a client	None necessary	None Necessary	Must obtain permission from line manager and recorded on personnel file	Disciplinary action.
Receiving remuneration for services other than from our company	Only allowed if not competing with our company or a client	None necessary	None Necessary	Must obtain permission from line manager and recorded on personnel file	Disciplinary action.
Possible conflicts of interest identified	Measures for avoiding the conflict	Mitigating the conflicts of interest	Measures for disclosure	Internal controls	Consequences of non-compliance





Being invited by a supplier to lunches/dinners/ shows and other entertainment events;	Allowed depending on value of event	None necessary	Disclosed to client during any discussion involving that supplier	Permission to be obtained from line manager	Disciplinary action.
Our company only has agency contracts with selected insurers	We make sure that the agencies we have are representative of the entire aviation insurance industry	We do annual surveys of insurers to ensure that we have a full armoury of products and services on offer	We provide a copy of our list of selected insurers to all our clients at the time of review	Standard Information Letter to ensure that this is provided	Disciplinary action where appropriate.



