CONFLICT OF INTEREST MANAGEMENT POLICIES

AND PROCEDURES

CHATFIELD RISK BROKERS PTY (LTD) T/A CHATFIELD WEALTH AND RETIREMENT

FSP NUMBER: 47094

1. Introduction

In the context of the day-to-day business it is likely we could find ourselves in a position where the duty/ies to another party conflicts either with our own or with our duty to another third party.

It is important to develop an approach to have a balance to provide transparency while allowing to retain the ability to service any client or party in a manner appropriate to the client's or party's needs.

Where a conflict of interest is unavoidable or cannot be addressed within these policies and procedures the position will be explained to the party affected. The effect of these policies and procedures is to act in the best interest of a client and to avoid prejudice to any party. Where a conflict of interest arises for which there is no practical solution, we will withdraw unless the client consents in writing to authorise us to continue to act or provide the service or advice.

This policy and procedures manual (hereinafter "this manual) provides guidance for addressing actual, apparent and potential (collectively "conflict of interests") conflicts of interest that arise in the conduct of business either generally or specifically.

2. Application of this manual

This manual applies to all employees, associates, appointed representatives and to those to whom any business activity may be outsourced.

3. Conflict of interest explained

A conflict of interest arises when you put yourself in a position where your duties to one party conflicts either with your self-interest or with the duty to another party.

Where an associate is applicable a conflict of interest will arise when an associate's personal interest interferes in any way with the interest of any of our own clients. A conflict of interest will arise when an associate takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. A conflict of interest may also arise when an associate or a member of their immediate family, receives inappropriate personal benefit.

Conflicts of interest may not always be clear-cut and if there are any concerns, relating to a matter immediate advice should be sought from any superior.

Failing to disclose concerns with potential conflicts of interests can have adverse implications for the company.

4. Managing conflict of interest

Our approach adopted to manage conflicts of interest is through a combination of transparency and, where applicable, the informed consent of the parties concerned.

This way of management will ensure the upholding of the highest standards of integrity which is vital to ensure our commitment to mutual respect for all.

Managing conflict of interest includes the following:

a) collection of sufficient relevant information about the client; (this should always be the first step to ensure the partnership with the client to understand the clients company, industry and individual needs),
b) ensuring proper recorded communication with the client;
c) negotiating and finalising all transaction requirements with the clients;
d) proper disclosure to the clients relating to all services and values provided and remuneration for such services;
e) proper training for all to ensure identification and resolution of any conflicts of interest.

5. Conflict of interest in similar business sectors

Conflict of interest may arise with clients in similar business sectors. In the absence of a confidentiality agreement between the parties, the use of confidential information as compared to general sector knowledge has to be managed.

Confidential information relating to a particular client will be kept confidential and may only be used in connection with the service to be provided to that client. Such confidential information may not be circulated or disclosed to anyone without the client's written consent. The exception to this rule is where the disclosure regarding the conflict of interest was made to the client.

Confidential information is any information, written or oral, provided by or in relation to a client in respect of its own specific circumstances. This includes all information provided in negotiations and discussions with a client or relating to a client, or that is contained in documents and correspondence provided by a client or relating to a client, except where such information is publicly available or generally known.

General sector knowledge is information which is not client specific but amounts to general knowledge and know-how, and the body of skill, experience and expertise that inevitably accumulates during the course of business dealings with clients and an associate's employment. Such general sector knowledge may be used, circulated and divulged without restriction.

6. Interest in product suppliers

A conflict of interest may arise should any employee, associate, appointed representatives and to those to whom any business activity may be outsourced or members of their immediate family have shareholdings or other financial interests in a particular insurer or underwriting agency in circumstances where such person act on behalf of a third person seeking to arrange or effect insurance through that insurer or underwriting agency.

Our approach is that a conflict of interest will only be considered to arise if such interest in an insurer or underwriting agency represents more than 10 % of the equity voting rights or profit participating shares of the entity's capital.

All employees, associates, appointed representatives and to those to whom any business activity may be outsourced must confirm whether they have interests of 10 % or more in the equity voting rights or profit participating shares of the capital of an insurer or underwriting agency recommended to a client.

7. Gifts and hospitality

A conflict of interest may arise where any employee, associate, appointed representative and to those to whom any business activity may be outsourced accepts a gift or hospitality from an insurer, reinsurer or underwriter as such gift or hospitality may be seen as an inducement to put business with such insurer, reinsurer or underwriter.

Our approach on gifts and hospitality is that it is prohibited should such gifts and hospitality create:

a) the appearance of a conflict of interest;
b) places you under commercial obligation;
c) forces business to be put with such party providing gifts and/or hospitality.

8. Principles: Client expectations

To ensure client expectations are met, one needs to adhere to the following principles:

a) Keep faith with our clients who are entitled to rely on our judgement;
b) Exercise reasonable due, skill, care and diligence;
c) Keep their knowledge regarding the product up to date;
d) Be clear on the scope of authority to act for the clients before proceeding with a transaction;
e) Utilise every reasonable endeavour to obtain the information needed to understand the needs and requirements of the clients;
f) Ensure the our and the clients' obligations both to each other and to other parties, such as insurers are understood and met;

g) Recognise that the information needs of clients are important. Always provide information in a timely and comprehensive manner to enable the clients to make balanced and informed decisions;
h) Take care to ensure the accuracy of a quote. No false or misleading quotes should ever be provided to a client;
i) Avoid practices which seek to increase revenues by any means other than delivering enhance service or value to the client;
j) Provide advice objectively and independent in the best interest of our clients;
k) Treat client information as confidential unless disclosure is required by law, regulatory notice or written permission of client;
l) Handle complaints speedily and competently as per our complaints policy.

9. Remuneration

Conflicts of interest may arise where an intermediary chooses an insurer on the basis of commission rather than any other factor to the detriment of its client.

Our policy is to explain (in writing, confirmed by client) to its prospective clients how it delivers its services and how it is remunerated. Remuneration will furthermore be disclosed in renewal reports (if applicable), quotation process and we must be specific about the remuneration to be received for the transaction to be undertaken for the client.

There exists a potential conflict of interest for all intermediaries where insurers and reinsurers offer different levels of commission in respect of business placed with them. (Keeping in mind commission regulations governing the industry). The general principle and requirement is that one should act in good faith and in the best interest of the client at all times when providing services and advice to clients.

This FSP's remuneration policy for representatives is as follows:

The FSP will at all times only receive or disburse income as permitted by the Short-Term Insurance Act and / or the Long-Term Insurance Act and / or the Medical Schemes Act and / or the Collective Investment Schemes Control Act and / or the Pension Funds Act and / or the Friendly Societies Act, in accordance with the principles set out in the General Code of Conduct for Authorised Financial Services Providers and Representatives, sections 3A (1)(a), (b) and (bA).

In consequence, representatives will be remunerated by way of a basic salary augmented, where so agreed, by a specified percentage of monthly commissions received; furthermore given, in terms of the General Code of Conduct section 3A, that no representative may receive any form of incentive for:

(i) [*business secured*] that is determined with reference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes for clients; or

(ii) giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

(iii) 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.

Furthermore, the FSP will at all times ensure that it will be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the –

(i) achievement of minimum service level standards in respect of clients;

(ii) delivery of fair outcomes for clients; (iii) quality of the representative's compliance with this Act;

As agreed between the provider and the representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

10. Fee based payments

A conflict of interest may arise where clients are charged a fee for services, particularly where such fee is time based. E.g. fees could be charged for work that was unnecessary or could be performed by a less expensive person.

Any such fees should be addressed through a fee agreement with a client which must state clearly fees and services such fee will cover.

11. Prohibited behaviour

The following behaviours, which if undertaken would create a conflict of interest in that one will not act in the best interest of our clients. These behaviours are prohibited:

a) falsifying insurance documentation;
b) misleading a client about the insurance cover and/or its cost;
c) failing to explain the terms of coverage particularly exclusions to a client;
d) providing the client/insurer with in accurate or inadequate information about an insurance risk or claim;
e) provide a service to the client without the required levels of knowledge and skill;

f) the solicitation of a quote from an insurer that is intentionally higher, or otherwise intentionally less favourable to the client or prospective client, than quotes provided by other insurers;
g) the solicitation of a quote from an insurer that is designed to present to the client or prospective client a false appearance of competition among insurers;
h) the solicitation of a quote from an insurer that is designed not be selected by the client or prospective client;
i) the solicitation of an inflated quote from an insurer in order to earn a higher commission on the business;
j) an insurer or policy is selected or recommended which is not in the best interest of the client because that placement will result in a higher commission (or other compensation or incentives);
k) insurers/product suppliers are specifically requested to decline a quote, or falsely certifies that it is declined, so as to enable to place the business with another insurer/product supplier;
l) misleading others internally about the credit-worthiness of a client or insurer;
m) providing false or inaccurate information;
n) misleading insurers/product suppliers about the nature of risks to be covered.

12. Other legislation

We accept the influence of all other legislation on possible conflict of interest situations in our industry.

Special reference should be made to the Financial Advisory and Intermediary Services Act (“FAIS”) whereby a conflict and interest policy is prescribed in terms of the code of conduct for Financial Services Providers (section 4(1)(c). The code of conduct section 3A applies in particular. The Code makes reference to the fact that non-cash incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person could be viewed as a potential conflict of interest. Furthermore, all service must be rendered in accordance with the contractual relationship and reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider.

13. Associates and Third parties

The FSP has no associates nor does it hold any interest in a third party, or vice-versa.