



# Foschini Retail Group (Pty) Ltd

## Conflicts of Interest Management Policy

*In terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS") and Board Notice 58 of 2010*

### 1. Introduction:

Foschini Retail Group Proprietary Limited (hereinafter referred to as "FRG") supports the objectives of consumer protection, the Treating Customers Fairly Framework ("TCF") [and in particular Outcome 1 - embedding a TCF culture] and of enhancing the integrity of the South African financial services industry and to this end, this Policy has been drafted in terms of section 3A(2)(a) of the FAIS Act General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice 58 of 2010, published in Government Gazette Number 33133 on 19 April 2010.

### 2. General details about FRG:

Foschini Retail Group Proprietary Limited, company registration number 1988/007302/07, is an authorised financial services provider (FAIS licence # 32719).

Physical Address: Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500

Postal Address: P.O. Box 6020, Parow East, 7501

Telephone Number: 021 938 1911

Fax Number: 021 937 5274

External Compliance Officer: 0861 273 783 (Loren Basson, Compli-Serve)

FRG is a company incorporated in terms of South African company legislation. It performs intermediary services under the Short-Term and Long-Term Insurance Acts and the Financial Advisory and Intermediary Services Act, in respect of the following product categories:

- Short-Term Insurance: Personal Lines; and
- Long-Term Insurance: B1.

Guardrisk Insurance Company Limited and Guardrisk Life Limited ("Guardrisk") are authorised financial services providers. Guardrisk Insurance Company Limited is the underwriter of the following products (which are either insurance products or products which include an insurance benefit/s): TFG Retrenchment Plan, TFG Dental Plan, Account Benefits, Club, Men's Only, Women's Only, TFG Critical Care, TFG Domesti-Care, LifeNet, Legal Protection Plan, Cellphone Insurance, Cellphone, Laptop and Tablet Insurance, Critical Illness and TFG Income Aid. Guardrisk Life Limited is the underwriter of Funeral Plan, TFG Accident Plan and Account Balance Protection. Jewellery Insurance is underwritten by Mutual & Federal Risk Financing Limited ("M&F").

Guardrisk has issued a specific class of shares to FRG in two special purpose insurance companies known as cell captives. The shares entitle FRG to a share of the underwriting, investment profits and risks in respect of the business written through the Guardrisk cells.

FRG also owns a class of shares (or a “cell”) in a cell captive with M&F. This class of shares entitles FRG to a share of the underwriting, investment profits and risks in respect of the business written through the M&F cell.

Although as a cell owner, FRG owns shares in the Guardrisk and M&F cell captives, this minority shareholding is purely for the purposes of facilitating the cell facilities and therefore does not imply any inherent conflict of interest, nor does it affect FRG’s capacity as a financial services provider with respect to the distribution of products to and/or the servicing of its clients.

In terms of this Policy, FRG does not consider its involvement in these cells to fall within the definition of an ownership interest as set out in Board Notice 58 of 2012, the context of which relates to the identification of perceived or actual conflicts of interest.

### **3. Purpose:**

This Policy seeks to provide guidance on the issue of conflict of interests by:

- establishing mechanisms to identify conflicts of interest;
- putting measures in place to avoid conflicts of interest;
- to ensure that where avoidance is not possible, that disclosure of the existence of a conflict of interest takes place;
- setting up internal control measures which will be used to ensure that this Policy is complied with;
- and to highlight the consequences of non-compliance with the Policy.

This Policy sets out details of the types of financial interests which FRG’s Key Individual (KI) and Representatives may receive and the basis on which any financial interest is received.

### **4. Definition of Conflict of Interest:**

A conflict of interest means any situation in which FRG, its KI or one of its Representatives has an actual or potential interest that may, in rendering a financial service to a consumer, -

- (a) influence the objective performance of its/his/her obligations to that consumer; or
- (b) prevent FRG, its KI or the Representative from rendering unbiased and fair financial services to that consumer, or from acting in the best interests of that consumer,

including but not limited to:

- (i) a financial interest;
- (ii) an ownership interest;
- (iii) any relationship with a third party.

These conflicts may occur when FRG, its KI or its Representatives do not act in the consumer's best interests.

For the sake of clarity, a financial interest can take the form of cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, incentive or other valuable consideration.

The list is not exhaustive and there are exceptions such as an ownership interest or training that is not exclusively available to a select group of financial service provider's (FSP's) or representatives. Other exceptions are where the training relates to a product or legal matters relating to those products, or general financial and industry information, specialised technological systems of the third party (i.e. Guardrisk or M&F) but excludes travel and accommodation to attend such training sessions.

This Policy aims to ensure that when FRG, its KI or its Representatives render intermediary services or advice, they do so honestly, fairly, with due care, skill and diligence and at all times, with due regard to the best interests of the consumer. In terms of Outcome 1 of TCF, FRG recognises the need to avoid conflicts of interest, however, where they cannot be avoided, they must be declared, mitigated and managed.

## 5. What may FRG receive under this Policy?

FRG/KI/ Representatives may only receive from a third party (i.e. Guardrisk or M&F), the following interests:

- commission or fees authorised under the Short-Term and Long-Term Insurance Acts;
- fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service which is being rendered;
- an immaterial financial interest (which is a financial interest does not exceed R1 000 in a calendar year).

## 6. Mechanisms to identify a conflict of interests:

A number of measures can be used to identify potential conflicts of interest (although, this list is not exhaustive), which include:

- KI and Representatives receiving training regarding this Policy and conflicts of interest;
- regular monitoring of commissions and fees that are paid or received;
- annual disclosure; or
- monitoring of gifts and interests offered or received by FRG, the KI or the Representatives on a continual basis.

The KI and Representatives must comply with this Policy and must accept personal responsibility for behaving in accordance with this Policy. The KI and Representatives are obliged to stop or prevent any actions which are contrary to this Policy.

The KI and Representatives should avoid any situation that may create or appear to create a situation which could be determined to be a conflict of interest.

The KI and Representatives are obliged to report every suspected or actual transgression of this Policy and/or conflict of interest, in writing, to the Compliance Officer.

## **7. Measures to avoid a conflict of interests:**

These measures will include -

- avoiding any situations where, when conducting business with a consumer, one's objectivity may be impaired;
- if a financial interest already exists, which may lead to a conflict of interests, FRG/KI/Representative must disclose the interest to the Compliance Officer immediately;
- if an ownership interest already exists, which may lead to a conflict of interests, then FRG/KI/Representative must disclose the interest to the Compliance Officer immediately;
- training for the KI and Representatives regarding conflicts of interest and the contents of this Policy.

## **8. Mitigating a conflict of interests:**

In order to mitigate a conflict of interest –

- the KI and Representatives should follow the process set out in this Policy regarding disclosures and declarations regarding conflicts of interest;
- if a conflict is identified, the KI/Representative must timeously and fully disclose the conflict by reporting it to the Compliance Officer and thereafter, the Compliance Officer must disclose the conflict of interest to the consumer in writing at the earliest reasonable opportunity;
- informing FRG consumers about this Policy and how to access it;
- providing the KI and Representatives with a copy of this Policy and providing them with training regarding its content;
- the Compliance Officer to include the monitoring of the KI and Representatives compliance with this Policy in FRG's annual compliance monitoring plan;
- in the event that there is an actual conflict of interest, the KI or Representative must desist from continuing with any participation in such activity. If the KI or Representative is uncertain about whether a particular situation is a transgression of the Policy, he/she must approach the Compliance Officer who will evaluate the intended transaction and give guidance;
- where it is impossible to avoid a conflict of interest, the TFG Financial Services General Manager must, when called upon to do so, advance reasons why the Policy was not complied with and the measures which will be taken to mitigate the conflict of interest.

## **9. Measures regarding the disclosure of a conflict of interests:**

If a conflict of interest is identified, the Compliance Officer must be immediately notified in writing. The Compliance Officer will then disclose the conflict, in writing, to the consumer at the earliest reasonable opportunity. The disclosure will include the following information:

- the measures that were taken in accordance with this Policy to avoid and or mitigate the conflict of interest;
- any financial or ownership interest that the FRG/KI/Representative may obtain or become entitled to (other than immaterial financial interests);
- the nature of the relationship or arrangement with a third party that gave rise to a conflict in sufficient detail to enable the consumer to understand.

## **10. Process, procedures and internal controls to ensure compliance:**

If the KI or Representative doubts whether a situation qualifies as a conflict of interest, he/she should discuss the potential conflict with the Compliance Officer, who will provide guidance on the matter.

The TFG Financial Services General Manager will be required to ensure that this Policy is implemented and will on an annual basis warrant to the Compliance Officer, in writing, that the KI and Representatives have met their obligations under this Policy.

Training for all affected staff will be provided by HR. The HR Department will then be responsible for annual follow-up training of the KI and Representatives within TFG Financial Services on FRG's conflict of interest management policy.

The Compliance Officer will monitor compliance with this Policy and will perform an annual review of the Policy to ensure that it remains in keeping with the statutory requirements.

## **11. Consequences of non-compliance with this Policy:**

Failure to comply with this Policy will result in disciplinary proceedings in terms of TFG's disciplinary code, which could result in the termination of employment with TFG. Further sanctions which emanate from the Fit and Proper Requirements and the FAIS Act, may include the removal of the KI from the FAIS licence and the debarment of the Representative.

## **12. Financial interests payable by TFG to its Representatives:**

FRG's KI and Representatives are presently remunerated in the form of a salary.

In the event that the remuneration structure includes the payment of commissions to the KI or the Representatives in addition to their basic salary, the commissions will not be calculated on the -

- quantity of business secured by the KI/Representative to the exclusion of the quality of service which they deliver,
- giving of preference to a specific product where the KI/Representative can recommend more than one product of a particular product supplier.

### 13 . Publication:

For a copy of this Policy, please visit <https://www.tfg.co.za/conflicts-of-interest> or contact FRG's Compliance Officer (Loren Basson) on the number 0861 273783 and we will send you a copy of this Policy.

### 14. Associates and interests in third parties:

#### Associates –

- Foschini Retail Group Proprietary Limited (“FRG”) is one of the subsidiaries of the JSE listed company, The Foschini Group Limited (“TFG Ltd”). FRG is the only financial services provider of the listed entity. As such, the other subsidiaries are not listed in this Policy because they have no involvement in financial services as regulated by the FAIS Act.

#### Third parties –

- FRG owns a specific class of shares in a special purpose insurance company with Guardrisk;
- FRG also owns a class of shares in a special purpose insurance company with M&F.

In terms of this Policy, FRG does not consider its involvement in these cell captives to fall within the definition of an ownership interest as set out in Board Notice 58 of 2010.

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