Profusion Administrators

Conflict of Interest Management Policy

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Introduction

Profusion Administrators is an authorised Financial Service Provider (FSP) in terms of the Financial Advisory and Intermediary Services Act, 2002 and as such has a responsibility to conduct itself with integrity, fairness and dignity and act in an ethical manner in all its dealings with the public, customers and other industry participants.

Profusion must avoid conflicts of interest in dealing with customers and where it is unable to do so, must mitigate the conflict and disclose the conflict to customer.

Purpose and Objectives

The purpose and objectives of Profusion Administrators "Conflict of Interest Management Policy" is to:

1. Establish the processes for the identification and management of Conflict of Interests.
2. Establish the processes for the disclosure of Conflicts of Interest.

"Profusion Administrators must avoid Conflicts of Interest in dealing with customers and where it is unable to do so, must mitigate the conflict and disclose the conflict to the customer." This policy establishes how this statement will be achieved, the processes, procedures, and disclosures to be established in support of this statement.

This policy applies to all employees of Profusion Administrators at all levels.

What are Conflicts of Interest?

A Conflict of Interest is defined as – any situation in which our company or a representative of our company has an actual interest that may, in rendering a financial service to a client:

1. Influence the objective performance of the representative or employee's obligation to the client.
2. Prevent our company, our representative or employee from rendering an unbiased and fair financial service to the client, or from acting in the best interest of the client.

Conflicts of Interest include, but not exclusively limited to:

a. A financial interest,
b. A ownership interest,
c. Any relation with a third party.

Further examples of Conflicts of Interest which may exist include:

An employee owning shares or holding debit or other proprietary interests in any third party or associated company.
Holding officer, serving on the board, participating in management, or otherwise employed (or formally employed) with any third party or associated company.
An employee receiving remuneration for services from another company.
An employee using our company's time, personnel, equipment, supplies, or goodwill for purposes other that approved and mandated activities, programs, and purposes.
An employee receiving gifts for birthdays or special occasions.
An employee receiving money, vouchers, or anything that can be converted to money for 'selling' specified services or products.
An employee being invited to lunches/dinners/shows and other entertainment events.
An employee providing leads to businesses owned by family and friends.

An employee distributing products and/or services provided by businesses owned by family and friends.
Any activity involving clients by which family and friends financially benefit.
An employee receiving personal gifts or loans from any other company or persons dealing or competing with our company.

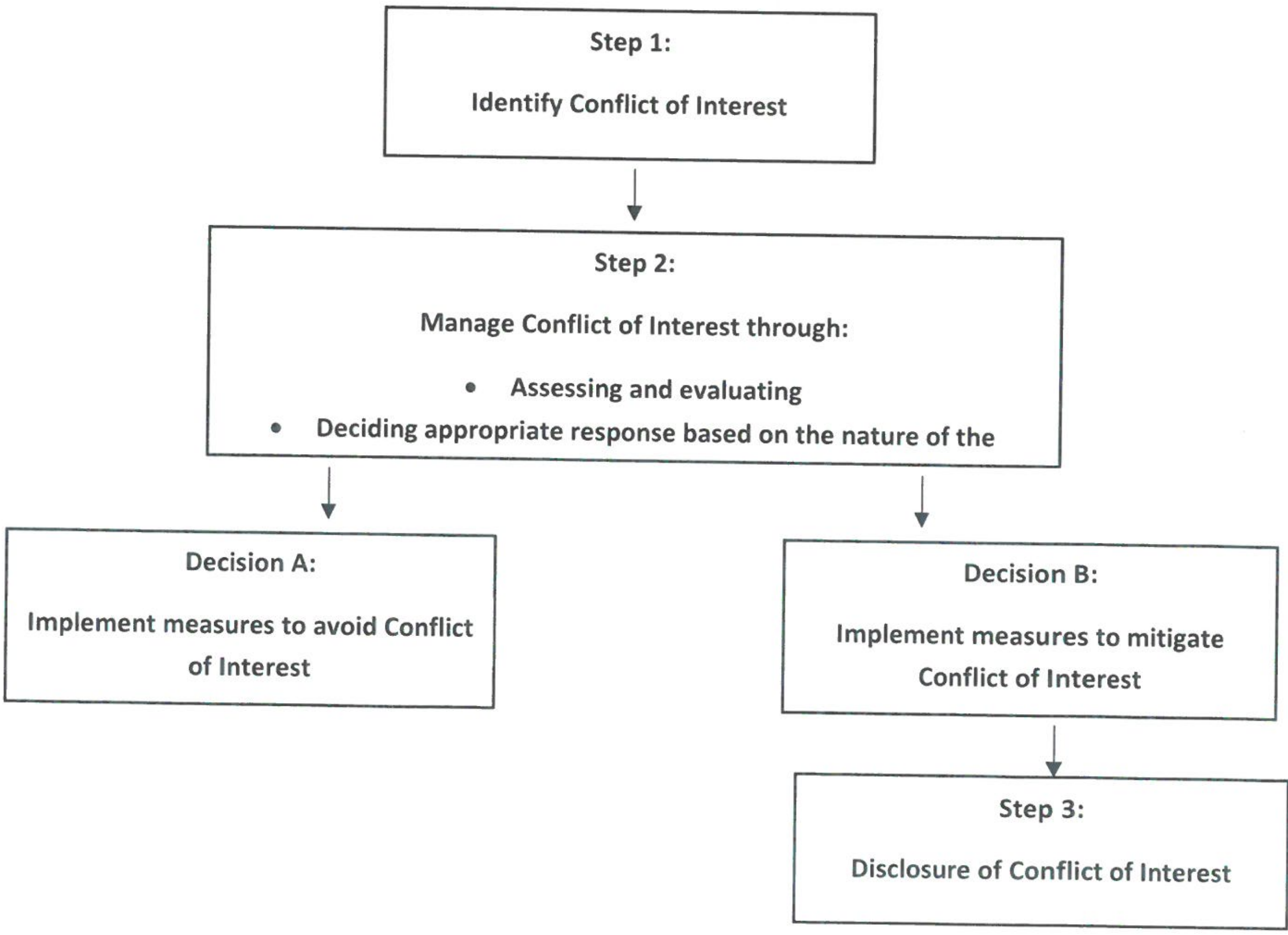
Further Conflicts of Interest include, incentives and rewards including cash or equivalent, vouchers, gifts, service, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, training, sponsorships, other incentives or valuable consideration except for incentives and rewards which could not be refused without discourtesy. Further to this the Financial Advisory and Intermediary Act, 2002 provides that, even if approved by management, such incentives and rewards must not exceed R1000 in any one calendar year from any one person or company.

Profusion have further identified the following areas where Conflict of Interest may arise:

1. Persons and firms supplying goods and services to Profusion.
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 Profusion transact business with.
5. Family members, friends, and other employees.

Conflict of Interest Management Process

The following diagram illustrates Profusion Administrators Conflict of Interest Management Plan.



Step 1: Identify Conflict of Interest

It is the responsibility of each employee to exercise caution in the performance of their duties and take particular care for any potential Conflict of Interest to arise in any activity, process, or relationship that they may be involved in. Employees have been trained to identify Conflicts of Interest however it is impossible to cover all potential Conflicts of Interests that may exist. Therefore, all employees should ask the following questions:

- ***Are my interests and those of Profusion Administrators aligned with the policyholder's needs?***
- ***Am I acting independently, objectively, and professionally towards the policyholder?***
- ***Am I acting in the policyholder's interests or mainly in my own interests or Profusions?***
- ***Does there exist a relationship between myself, Profusion Administrators, product suppliers or others which will influence or affect my actions and the interest of the policyholder?***
- ***Am I being incentivised in any manner other than what is mandated?***

It is the responsibility of all employees of Profusion to identify where possible a potential or actual Conflict of Interest which may exist or suspected to exist. Whenever an actual or possible conflict is suspected to exist it must be reported to the Key Individual or Partner of Profusion who in turn will report it to the Compliance Officer.

All Conflicts of Interest will need to be recorded in the Conflict of Interest register, describing the type of Conflict of Interest involved, any persons or organisations involved and all other details necessary to ensure full disclosure.

Step 2: Managing conflicts of Interest

Once a Conflict of Interest has been identified it needs to be correctly managed. This involves through the cooperation of the Key Individual, Partners and Compliance Officer, evaluating the nature of the Conflict of Interest and deciding the appropriate actions, processes, or steps to be taken in response thereof.

Once identified the evaluation must include the following considerations:

- ***Whether it is possible to avoid the conflict, and if possible, what actions must be taken to do so?***
- ***Reasons why the Conflict of Interest cannot be avoided?***
- ***What can and has been done to manage the conflict?***
- ***How the possible or actual mitigation measures will lessen the effects of the Conflict of Interest on the policyholder?***
- ***When and how disclosure of the Conflict of Interest will be made to the policyholder or relevant party if it cannot be avoided?***

The details of the evaluation and outcome will be recorded in the complaints register by the Key Individual and reported to the Compliance Officer.

Avoiding Conflicts of Interest:

Conflicts of Interest must be avoided wherever possible. The steps, process, or action to take to avoid a Conflict of Interest depend on the situation at hand and on the nature of the Conflict of Interest. There are however general action which can be taken to avoid a Conflict of Interest once it has been identified and reported, which includes:

- Segregation of duties
- Transferring the task to a different employee

- Supervision and monitoring of actions and activities

Managing and Mitigating Conflicts of Interest:

Where it is not possible to avoid a Conflict of Interest, it needs to managed and mitigated to the greatest extent reasonably possible.

Dependant on the nature of the Conflict of Interest, the Key Individual, Partners and Compliance Officer will cooperate in developing mitigation measures to reduce the effects on the customer and make appropriate disclosure to the policyholder. Informing the policyholder of the Conflict of Interest, the measures to be taken and the possible impact or effect.

Once a Conflict of Interest has been identified and reported, avoidance and/or mitigation measures must be implemented as soon as practically possible.

Step 3: Disclosing Conflicts of Interest

Once a Conflict of Interest has been identified and reported, and through the evaluation it has been identified that the conflict can not be avoided, disclosure will be made to the policyholder and/or effected persons.

Disclosures will be made in writing and sent via SMS and email or by written letter sent to the policyholders last known address.

The disclosure will include:

- The nature of the Conflict of Interest
- The parties, persons, suppliers and organisations involved in the Conflict of Interest
- The possible effects of the conflict that will affect the policyholder and/or parties.
- The measures taken to mitigate the conflict
- Any other relevant information regarding the Conflict of Interest, the rights of the policyholder, the duties of Profusion and its employees and the complaint procedures if required.

Recording of Conflicts of Interest

Once identified a Conflict of Interest must be correctly recorded and reported. The key Individual will record the Conflict of Interest in the Conflict of Interest register and report the conflict to the Compliance Officer. Furthermore, the Conflict of Interest, all communications, measures, and disclosures made will be uploaded to Profusions electronic system in line with Profusions 'Record Keeping Policy'. Any amendments, updates or additional information or documentation received/ issued will be recorded in register and uploaded to the electronic administrative system.

Rules regarding Financial Interest and Incentives

The following rules apply to all employees of Profusion Administrators at all levels with regards to financial interest and incentives. These rules are in place in order to minimise any possible Conflict of Interest that may arise which may affect the actions of employees in the rendering of services and to protect the interests of the policyholder.

These rules have been set to prevent influencing or being influenced in a business transaction by gifts or benefits.

Rule 1: No employee may accept any gift, benefit, or incentive from a third party being a product supplier, another FSP, an associate of a product supplier or an FSP, a service provider or a distribution channel.

Rule 2: No Employee may provide any gift, benefit, or incentive to a third party being a product supplier, another FSP, an associate of a product supplier or an FSP, a service provider or a distribution channel.

Rule 3: No employee may accept or receive an financial incentive or remuneration from their standard salary and short term incentives as per 'Profusions Administrators Remuneration Policy' for the execution of their duties or rendering of services from a third party being and FSP, an associate of a product supplier or FSP, a service provider, policyholder or product supplier.

Profusion Administrators Earnings and Prohibitions

Whilst this policy has focused predominantly on the Conflict of Interests that may exist between employees, policyholders, service providers, product suppliers, FSP's and associate FSP's, it is worth disclosing the organisations financial interests as a whole in the rending of services.

Profusion is mandated to perform certain claim administration and intermediary services on behalf of the product supplier. Profusion is remunerated for these functions only and in no way are we compensated or incentivised beyond the applicable binder fees due to us.

That is Profusion does not receive or accept gifts, payment, benefits, or incentives from a third party being a product supplier, another FSP, an associate of a product supplier or an FSP, a service provider or distribution channel for the rendering of services above and beyond the explicitly defined fees at specified percentages.

The implementation of accounting measures, segregation of duties and monitoring by the Insurer (Guardrisk Insurance) ensure that all funds, fees, and payments received regarding mandated products are in line with the binder agreement.

Through such processes, Profusion have avoided Conflicts of Interest and ensure that we are only paid what is due and that we are never remunerated twice for the same service.

Profusion ensure that the interests of the policyholder are always a priority and in no way act in a manner which is biased or misleading.

Should a Conflict of Interest arise contrary to this, the processes identified in this policy will apply and full disclosure, transparency and management will be implemented.

Breach of this Policy

All employees of Profusion must comply with this policy and any breach of this policy may lead to disciplinary action against the employee involved.

All breaches or instances of non-compliance with this policy, actual or perceived, needs to be reported as soon as possible.