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2025

# POLICY

## CONFLICT OF INTEREST POLICY

FINANCIAL SERVICES PROVIDERS – SA INC. STRATEGIC STRAND

SOUTH AFRICA

PUBLIC



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## 1 | INTRODUCTION

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The Financial Advisory and Intermediary Services (FAIS) Act, No. 37 of 2002: General Code of Conduct for Financial Services Providers and Representatives (FAIS General Code of Conduct) require Financial Services Providers (FSPs) to have a Conflict-of-Interest Policy in place to ensure such conflicts are managed appropriately. Discovery Limited and its FSPs are committed to comply with relevant financial sector laws, regulations and professional standards.

The Chief Executive Officer (CEO) of each Discovery FSP has an obligation to ensure appropriate controls and processes are implemented, to assist the FSP in meeting its regulatory obligations.

Senior management<sup>1</sup> acknowledge that it is not always easy to identify a conflict of interest. However, this policy must be used as a guideline to determine what may constitute a conflict of interest and the process to be applied regarding the identified conflict of interest.

## 2 | APPLICATION

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This policy is applicable to:

- Representatives<sup>2</sup> and key individuals of the following Discovery FSPs:
  - Discovery Life Ltd (FSP 18147)
  - Discovery Health (Pty) Ltd (FSP 18564)
  - Discovery Insure Ltd (FSP 43064)
  - Discovery Connect Distribution Services (Pty) Ltd (FSP 46336)
  - Discovery Life Investment Services (Pty) Ltd (FSP 30277)
  - Cogence (Pty) Ltd (FSP 52242)
  - Discovery Bank Ltd (FSP 48657)

All Discovery FSPs are wholly owned subsidiaries of Discovery Limited.

Any third party and their employees who engages with Discovery, and who may give or receive a financial interest or immaterial financial interest on behalf of that third party.<sup>3</sup>

The FSP's board must formally adopt this policy and ensure the implementation of robust processes that aligns with its core principles and purpose.

## 3 | WHAT IS A CONFLICT OF INTEREST?

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A conflict of interest is any situation where an FSP or its representative has an actual, perceived, or potential interest that could compromise their objectivity when rendering a financial service to a client. This may unfairly influence the performance of a financial service, interfere with their obligations to the client, or prevent them from providing unbiased and fair financial advice that is in the best interests of that client.

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<sup>1</sup> "Senior management" refers to the executive members of each Discovery FSP and its key individuals.

<sup>2</sup> "Representatives" include juristic representatives of the Discovery FSPs.

<sup>3</sup> As defined in Annexure A.



## 4 | HOW TO IDENTIFY A CONFLICT OF INTEREST?

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To effectively identify a conflict of interest a representative and/or key individual should objectively assess the situation by asking the following key questions:

- Am I acting in the best interest of the client or Discovery or am I acting in my own interest?
- Do my actions align with the values of Discovery and the ethical principles of the FAIS Act?<sup>4</sup>
- Am I acting in an impartial manner?
- Would my actions harm my own reputation or Discovery's reputation?
- Would I personally benefit from this situation in a way that is not in the client's best interest?
- Have I asked my key individual or compliance officer for their input on the situation?
- Does the gift that I am giving or receiving exceed the statutory limit of R1 000.00 per annum?

## 5 | DISCLOSURE REQUIREMENTS

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An FSP and representative must avoid and where it is not possible mitigate any conflict of interest between the FSP and a client or the representative and a client. Any conflict of interest must be disclosed to the client in writing at the earliest possible opportunity. This disclosure must include the following:

- The conflict of interest in respect of the client.
- The measures taken to avoid or mitigate the conflict.
- Any ownership or financial interest (other than an immaterial financial interest) that Discovery or a representative may be eligible for or become eligible for; and
- Details about any relationship with a third party that gives rise to conflict of interest. The details must be sufficient to enable the client to understand the exact nature of the relationship or arrangement and the extent of the conflict of interest.

The client must be informed of the policy and where they may access the policy.

Certain situations may present a conflict of interest, but these require formal disclosure and discussion to obtain approval from management. If approved, the conflict must be recorded in the conflict of interest register and disclosed to any affected clients.

Other situations are strictly prohibited, and no exceptions shall apply.

Any person can report any potential, perceived or actual conflict of interest concerns to Discovery by using the e-mail address [complianceofficer@discovery.co.za](mailto:complianceofficer@discovery.co.za).

### Consequences of non-disclosure

All instances of non-compliance with this policy will be included in the regular risk-reporting process. Failure by a representative to disclose a conflict or any deliberate action to contravene this policy will result in necessary action by management.

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<sup>4</sup> Section 8 (1) of the FAIS Board Notice 194 requires all representatives and Key Individuals of an FSP to comply with the fit and proper requirements of honesty and integrity.



Non-adherence may result in the following:

- **Disciplinary Action:** This may range from a formal warning to suspension, commensurate with the severity and nature of the breach.
- **Termination of Employment:** Severe or repeated violations may lead to the termination of employment.
- **Legal Action:** In instances where non-compliance results in legal ramifications, Discovery reserves the right to pursue legal action.
- **Financial Penalties:** Any financial gains derived from non-compliance will be subject to forfeiture, and the individual may incur additional financial penalties.
- **Debarment:** Non-compliance may lead to the debarment of the representative in accordance with regulatory requirements.

## 6 | INCENTIVES AND REMUNERATION

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Discovery's remuneration policies, including commission rules are compliant with legislation and aligned to avoid conflicts of interest. Discovery must demonstrate that the determination of and entitlement to the financial interest considers measurable indicators relating to 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.

Any incentive or rewards programmes should be approved by senior management, structured and communicated to avoid any potential conflict of interest.

Discovery's representatives and/or key individuals are not permitted to accept any remuneration for providing advice for non-Discovery products or product suppliers unless the relevant Discovery FSP has entered into a written agreement with said product supplier.

All fees or commission for financial services rendered by a Discovery representative must be paid to the Discovery FSP and not to the representative directly.

## 7 | FINANCIAL INTEREST OFFERED

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An FSP is allowed to offer fees or remuneration for services rendered to a third party, provided the fees are reasonable and commensurate with the service rendered. The payment of these fees can only be made if:

- The financial interest is reasonably proportionate to the service being rendered, considering the nature of the service and the resources, skills and competencies reasonably required.
- The payment of the financial interests does not result in the FSP or its representatives, or an independent intermediary being remunerated more than once for performing a similar service.
- Any actual or potential conflict between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated. Furthermore, the payment of those financial interests must not impede the delivery of fair outcomes to clients.
- The financial interest, potential conflict and reasons for the fees or remunerations are properly disclosed to the client.



### Immaterial Financial Interest

If the financial interest offered is an immaterial financial interest with a determinable monetary value, it may not exceed R1,000.00 per representative in any given year. In these instances, the relevant Discovery FSP must complete the conflict of interest register and indicate the monetary amount of such an interest.

Where a Discovery FSP interacts with other FSPs<sup>5</sup>, including its representatives, no financial interest may be provided to them based on quantity of business submitted, or for giving preference to a specific Discovery product.

The following are not considered financial interests:

- Training, when it is not restricted to a select group of FSPs or representatives and covers product information, general industry information, or specific technological systems (of a third party) necessary to render a financial service to a client;
- Ownership interest; or
- Qualifying enterprise development<sup>6</sup> contribution to a qualifying beneficiary.

## 8 | SIGN-ON BONUS

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No person is allowed to offer FSPs and representatives sign-on bonuses as an incentive to render financial services on its behalf. The FAIS Act prohibits the offering of a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as a FSP or appointed as a representative by any FSP).

## 9 | REGISTER, REPORTING AND AWARENESS

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Discovery maintains a central conflict of interest register to ensure transparency and accountability. All key individuals and representatives have access to the register via a link on SmartPeople.<sup>7</sup>

Discovery and its key individuals must ensure that any potential, perceived or actual conflict of interest of the FSP or representatives are recorded on the central register. Senior management within each FSP is responsible to monitor procedures and controls to effectively identify and manage conflict of interest(s), as defined by the FAIS Act.

All representatives, and key individuals must complete an annual conflict of interest declaration.

Representatives and key individuals must be trained on this policy and must ensure that they read and understand this policy, the processes and procedures outlined in this policy, and any other referenced documents. If there are any questions, do not hesitate to contact the FAIS Centre of Excellence (COE) or management for guidance.

The FAIS COE assists in facilitating conflict of interest training and annual refresher training as and when required.

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<sup>5</sup> "Other FSPs" include Discovery FSPs.

<sup>6</sup> Discovery invests in enterprise development for certain qualifying entities, which may include representatives and intermediaries. This forms part of Discovery's commitment to being a responsible corporate citizen and where an investment is made, it will not constitute a breach of this policy.

<sup>7</sup> The Discovery SA Inc. people management system.



## 10 | COMPLIANCE WITH THIS POLICY

The FAIS COE is responsible for managing, reviewing and updating the policy and will provide guidance on the pre-clearance of business processes that may potentially cause a conflict of interest. Discovery views any non-compliance with this policy, as well as any non-compliance with its obligations in terms of legislation, in a serious light. Any deliberate action by any key individuals or representative to contravene the policy will be subject to disciplinary action as set out in the policy.

The Discovery SA Risk and Compliance Committee will monitor compliance with this policy. It is the responsibility of every employee, representative and key individual to proactively identify and escalate any situations that may present a conflict of interest. Any breach of or non-compliance with this policy must be communicated to the FAIS COE as soon as reasonably practical.

## 11 | ANNEXURE A – DEFINITIONS

Definitions	
<b>Associate</b>	<ul style="list-style-type: none"> <li>(i) <b>In relation to a natural person,</b> means –a person who is recognised as the spouse, life partner or civil union partner of a person;</li> <li>(ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;</li> <li>(iii) a parent or stepparent of that person;</li> <li>(iv) a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;</li> <li>(v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);</li> <li>(vi) a person who is in a commercial partnership with that person.</li> </ul> <p><b>In relation to a juristic person,</b> means</p> <ul style="list-style-type: none"> <li>(i) which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;</li> <li>(ii) which is a close corporation registered under the Close Corporations Act, No. 69 of 1984, means any member thereof as defined in section 1 of that Act;</li> <li>(iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person - (aa) had such first-mentioned juristic person been a company; or (bb) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;</li> <li>(iv) any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;</li> </ul>



	<p><b>In relation to any person</b>, means: –</p> <p>(i) any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;</p> <p>(ii) includes any trust controlled or administered by that person.</p>
<b>Client</b>	<p>means:</p> <p>a natural or legal person who purchases or receives advice and/or intermediary services regarding a financial product and/or service from an FSP.</p>
<b>Conflict of Interest</b>	<p>means:</p> <p>a situation in which a representative, employee, FSP or business has competing interests which can result in business not being able to be conducted in an impartial manner. Conflict of interest include but are not limited to financial interests, ownership interests and any relationship with a third party. A potential conflict of interest may arise whereby a conflict of interest may occur in the future due to competing interests.</p>
<b>Financial Interest</b>	<p>means:</p> <p>any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:</p> <p>a) an ownership interest;</p> <p>b) training, that is not exclusively available to a selected group of providers or representatives, on –</p> <p>(i) products and legal matters relating to those products;</p> <p>(ii) general financial and industry information; and</p> <p>(iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;</p> <p>c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.</p>
<b>Immaterial Financial Interest</b>	<p>means:</p> <p>an immaterial financial interest is any financial interest with a determinable monetary value, of which the aggregate does not exceed R1,000.00 in any calendar year from the <b>same third party</b> in that calendar year received by:</p> <p>a) an FSP who is a sole proprietor;</p> <p>b) a representative for their direct benefit; or</p> <p>c) and FSP, who for its benefit or for the benefit of some its representatives, aggregates the immaterial financial interest paid to its representative.</p>
<b>Ownership interest</b>	<p>means:</p> <p>(i) any equity or proprietary interest, for which fair value was paid by the owner at the time of the acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and</p> <p>(ii) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.</p>



<b>Representative</b>	means: a representative refers to a representative of Discovery FSP, where the Discovery FSP and the product supplier are the same legal entity. It includes a person that is employed or mandated by a Discovery FSP to render financial services to that FSP's Discovery Group clients.
<b>Runner</b>	means: any person acting on behalf of a representative providing advice and/or intermediary services to the client and/or on behalf of the representative to the client, i.e. a) a person that sells the product to the client, b) a person that provides the representative with a completed application form without the representative communicating with the client, and c) where the representative accepts the business from the person (runner) and submits it under their representative code
<b>Sign-on bonus</b>	means: any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider. This financial interest includes, but is not limited to: (i) compensation for the potential or actual loss of any benefit including any form of income, or part thereof, or (ii) cost associated with the provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or (iii) a loan, advance, credit facility or any other similar arrangement.
<b>Third party</b>	means: a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person who is able to provide a financial interest to a provider or its representatives by entering into an agreement with one of the listed examples of a third party.



## POLICY CONTROL

### DETAILS

**POLICY OWNER** | GROUP COMPLIANCE (FAIS COE)

**POLICY LEVEL** | SA COMPOSITE ONLY

**LEVEL OF APPROVAL** | BOARD

**FREQUENCY OF REVIEW** | ANNUALLY

### REVISION HISTORY

REVISION DATE	VERSION	SUMMARY OF CHANGES	AUTHOR
October 2024	V4	Review of policy	Group Compliance
September 2025	V5	Review of Policy	Group Compliance

### POLICY GOVERNANCE APPROVAL PROCESS

This policy has been approved as follows:

NAME	TITLE	DOCUMENT VERSION	DATE OF APPROVAL
SA EXCO	EXECUTIVE COMMITTEE	V4	14 October 2024
SA COMPOSITE RISK AND COMPLIANCE COMMITTEE	BOARD COMMITTEE	V4	31 October 2024
SA EXCO	EXECUTIVE COMMITTEE	V5	29 September 2025
SA COMPOSITE RISK AND COMPLIANCE COMMITTEE	BOARD COMMITTEE	V5	15 October 2025

### POLICY REFERENCES

This policy should be read in conjunction with the following documents:

NUMBER	DOCUMENT NAME	DOCUMENT OWNER
1.	Debarment Policy	Group Compliance
2.	Debarment Standard Operating Procedure (SOP)	Group Compliance
3.	Remuneration Policy	Head of Remuneration



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