



## CONFLICT OF INTEREST MANAGEMENT POLICY AND REGISTER

### 1. Introduction

Legal Hero (Pty) Ltd recognizes the importance of operating in an open and transparent manner towards our Policyholders, service providers, agents, suppliers and members of the financial services industry, greater business community and general public. The aforementioned will support long term relationships and assist Legal Hero to act in the best interests of its clients.

The aim of this policy is to assist the executives and employees of Legal Hero to identify and avoid, and where this is impossible, mitigate any conflicts of interest that may arise. Our board of directors therefore undertake to adopt, maintain and implement this policy during the course of all aspects of business. It is the responsibility of all employees to proactively seek guidance from the directors, the Key Individual or Compliance Officer on any uncertainty or queries regarding the content of this policy.

This policy applies to all employees as well as contract and temporary staff. It is furthermore of utmost importance that the following individuals implement, communicate and manage potential and actual conflicts accurately: directors, the executive committee, key individuals, the compliance officer and managers.

Yours faithfully,

The directors of Legal Hero

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✉ info@legalhero.co.za 📞 010 001 1001 📠 0865 51 27 05 📍 PO Box 5554, Tygervalley, 7536

Directors: Adv. GPB Myburgh (LLB), S Steinmair-Myburgh (LLB). Legal Hero (Pty) Ltd is an authorised FSP 45377

**Underwritten by Guardrisk Insurance Company Ltd FSP 75 & Guardrisk Microinsurance Company Ltd FSP 51674**

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## 2. How does the General Code of Conduct define a Conflict of Interest?

The General Code of Conduct to the Financial Advisory & Intermediary Services (FAIS) Act defines a conflict of interest as any situation in which a Provider or a Representative has an actual or a potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent a Provider or Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client including but not limited to

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

## 3. How can Legal Hero avoid or, as conflicts of interest are inherent to most businesses and profits, mitigate conflict situations?

- A. Identify actual or possible conflicts of interests as soon as possible by way of:
- Training on the Conflict of Interest Management Policy to all employees;
  - Implement Gift Declaration Forms & Registers;
  - Compliance officer involvement in all processes;
  - Proper record keeping of third party relationships, including relationships with product suppliers, providers, associates of product suppliers and providers, associate company relationships, other FSP's and their associates, any person in terms of an agreement or arrangement with a person provides a financial interest to a provider or its representatives, distribution channels and family members;
  - Regular internal audits on processes, commissions, fees and financial interests;
  - Annual performance appraisals;
  - Regular management reviews and inspections.

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B. Mitigate conflicts of interests:

- When dealing with conflicts of interest, the client's right to unbiased and quality services prevails;
- Remuneration must at all times be fair, reasonable and justifiable.

C. Disclose conflicts of interests:

- Processes are set out in this policy in terms of which disclosures and declarations may be made;
- Potential or actual conflicts of interest must be disclosed to clients in writing at the earliest reasonable convenience, including the steps taken in order to mitigate the potential impact of the conflict/s of interest;
- Financial interests, ownership interests, relationship interests and arrangements are disclosed to Policyholders in writing by way of Legal Hero's Statutory Disclosure, a page that tears off of the initial application form and is for the Policyholder to keep;
- Legal Hero's Statutory Disclosure is furthermore posted to Policyholders for a second time together with their Welcome Letter and Policy Wording.

#### 4. Non-Compliance

A breach of the Conflict of Interest Management Policy will be dealt with in terms of the FAIS act and Legal Hero's internal disciplinary procedures.

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## 5. Disclosure of actual and potential conflicts of interests

**Annexure A:** Summary of conflict situations with associates and mitigating steps taken

**Annexure B:** List of all third party companies with whom there is an ownership interest

**Annexure C:** Declaration Form: Disclosure of Conflict of Interest

**Annexure D:** Declaration Form: Hospitality and/ or Gifts

Please note that the names of third parties with an ownership interest and the extent of that ownership interest will be disclosed by the directors upon request.

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## ANNEXURE A

**Summary of conflict situations with associates and mitigating steps taken:**

### 1. List of Associates:

- a) **Guardrisk Insurance Company.** Guardrisk Insurance Company Limited is the underwriter of Legal Hero (Pty). Legal Hero acts as the UMA and is responsible for binder functions. Legal Hero is paid a fee by Guardrisk and there is furthermore a profit share agreement dependent upon the annual underwriting result.
- b) **Guardrisk Microinsurance Company Limited.** Guardrisk Microinsurance Company Limited is also an underwriter of policies sold on the Legal Hero website. There is furthermore a profit share agreement between Guardrisk and **Life Hero (Pty) Ltd** dependent on the annual underwriting result. Life Hero (Pty) Ltd is the cell owner of funeral policies of which **Phakama Administration Services (Pty) Ltd** acts as the binder holder.
- c) **Legal Hero Business (Pty) Ltd.** Legal Hero Business (Pty) Ltd has a separate mandate with Guardrisk to market and sell legal cost insurance as well as funeral policies. Guardrisk does not have any ownership interest in Legal Hero Business or any other intermediaries, and vice versa. Legal Hero Business is paid a percentage of the monthly premium as recurring commission. Please view the relevant Statutory Disclosures as found on the Legal Hero website for exact totals of commission earned per funeral and legal product.  
  
**It is furthermore important to disclose that a shareholder within Legal Hero (Pty) Ltd is also a minority shareholder in Legal Hero Business (Pty) Ltd.**
- d) **Legal Hero Law (Pty) Ltd** as mandated by Legal Hero (Pty) Ltd to render legal services to Legal Hero Policyholders.

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### **Mitigating steps**

It is important that the brokerage FSP, Legal Hero Business (Pty) Ltd, remains independent and balances the best interests of the shareholders, directors, employees and members with integrity. Although the two abovementioned FSP's share a common (minority) owner, the relevant shareholder in question has years of experience within the legal cost insurance industry and is therefore equipped to perform various roles, has successfully been registered as an internal compliance officer and therefore works closely with FSCA/ FAIS regulations, is carefully aware of potential conflicts and is of invaluable importance to both companies.

Premiums are split in accordance with the binder agreement between Legal Hero, Guardrisk and Phakama Administration Services (Pty) Ltd as declared in the Statutory Disclosures. No other payments are made or received by any FSP. As normal business practice, immaterial financial interest is provided to and received from FSP's from time to time. A record is maintained of such immaterial financial interest which is within the legislated limits.

## **2. Other service providers with whom there is a business / ownership relationship:**

As part of normal business practice, we utilize the services of various other third party service providers such as accountants, graphic designers and IT companies.

### **Mitigating steps**

Contracts / service level agreements are entered into with all such service providers who are remunerated on the basis of services rendered.

## **3. Employees**

Employees are not to accept from a third party any cash or a cash equivalent, including but not limited to coupons, vouches and shares.

## **4. Hospitality and gifts received from third parties**

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### Mitigating steps

- A Declaration Form: Hospitality and/ or Gifts is to be completed and submitted to management who will discuss same with the Compliance Officer;
- When an employee receives or gives a gift exceeding the value of R500.00 from an FSP or associate of Legal Hero, same must be declared;
- A gift received or given out to an FSP may not exceed R1000.00 in value;
- Gifts received from a stakeholder other than an FSP or given may not exceed R5 000.00 per annum;
- Gifts shall not be accepted or given out to any party involved in a tender process during the tender period as well as 12 months after the tender period;
- Hospitality may be accepted but may not create an expectation of a desired outcome;
- A gift register is implemented and will be kept by the Key Individual.

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## ANNEXURE B

There is nothing to declare under this heading as all companies are privately owned.

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## ANNEXURE C

### DECLARATION FORM: DISCLOSURE OF CONFLICT OF INTEREST

This declaration is in accordance with Legal Hero's Conflict of Interest Management Policy and its purpose concerns the identification, avoidance or mitigation of a conflict of interest. Please email this declaration to your immediate reporting manager as soon as reasonably possible, where after the relevant activity will be approved or declined.

|                                    |  |
|------------------------------------|--|
| <b>Employee name and surname</b>   |  |
| <b>Company and branch</b>          |  |
| <b>Job title</b>                   |  |
| <b>Date</b>                        |  |
| <b>Immediate reporting manager</b> |  |

Please disclose details of any business interest, financial interest, ownership interest, relationship interest and/or arrangement that may result in a potential conflict as per Legal Hero's Conflict of Interest Management Policy.

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|------------------|----------------------|
| <b>Signature</b> | <b>Date and time</b> |
|------------------|----------------------|

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**For office use only**

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|--------------------------------------|--|
| <b>Details of advice</b>             |  |
| <b>Activity approved or declined</b> |  |
| <b>Executive name and signature</b>  |  |

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## ANNEXURE D

### DECLARATION FORM: HOSPITALITY AND/OR GIFTS

This declaration is in accordance with Legal Hero’s Conflict of Interest Management Policy and its purpose concerns the identification, avoidance or mitigation of a conflict of interest. Please email this declaration to your immediate reporting manager as soon as reasonably possible, where after the relevant activity will be approved or declined.

|                                    |  |
|------------------------------------|--|
| <b>Employee name and surname</b>   |  |
| <b>Company and branch</b>          |  |
| <b>Job title</b>                   |  |
| <b>Date</b>                        |  |
| <b>Immediate reporting manager</b> |  |

Please disclose a description, the value and under which circumstances the gift was given or received and by whom.

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|------------------|----------------------|
| <b>Signature</b> | <b>Date and time</b> |
|------------------|----------------------|

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**For office use only**

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|--------------------------------------|--|
| <b>Details of advice</b>             |  |
| <b>Activity approved or declined</b> |  |
| <b>Executive name and signature</b>  |  |

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