THE HIVE

Administrators

Conflict of Interest Management

FSP NAME: The Hive Administrators (Pty) Ltd
FSP NUMBER: 50997
DIRECTORS: Kiara Jane McLachlan
KEY INDIVIDUALS: Jan Daniel Jakobus van den Berg & Kiara Jane McLachlan

Last updated: 11/07/2023

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1. Introduction

In terms of the Financial Advisory and Intermediary Services Act, 2002, The Hive Administrators ("The Hive Administrators") is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interest ("COI"). Section 3A(2)(a) of the FAIS General Code of Conduct ("GCOC) stipulates that every financial services provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act.

2. Purpose

The purpose of this policy is to comply with these obligations and provide for mechanisms in place to identify, mitigate and manage the conflicts of interest to which The Hive Administrators is a party. In addition, to ensure alignment between the values of the organization and the conduct of its people by safeguarding clients' interests and ensuring the fair treatment of clients.

The Hive Administrators are committed to ensuring that all business is conducted in accordance with good business practice. To this end, The Hive Administrators conduct business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interests. Like any financial services provider, The Hive Administrators are potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflicts of interest.

To achieve the objectives set out above, this policy sets out the rules, principles and standards of The Hive Administrators COI management procedures, by documenting them in a clear and understandable format.

3. Scope of application

This policy is applicable to The Hive Administrators, all providers of The Hive Administrators, key individuals, representatives, associates and administrative personnel. The Hive Administrators are committed to ensuring compliance with this policy and the processes will be monitored on an ongoing basis.

Any non-compliance with the policy will be viewed in a severe light. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

The Hive Administrators is a pty (Ltd) company. We have a staff complement of 4 representatives and 1 admin personnel. We have a client relationship manager system where all client information is hosted. On the system, tasks are created for everything that must be done on a client's policy, and within the task, different steps are listed that must be followed, documents relating to the task and all email correspondence are stored in this task. A Key Individual then has the opportunity to scrutinize these tasks to ensure the correct processes are followed when dealing with the multitude of different aspects of client's policies.

We have another system, Commspace, where all of the outsource agreement fees are imported and in a click of a button can draw reports on the total number of policies that is with any product provider and view the fees received thereon.

4. Understanding Conflict of Interest

4.1 When is it a Conflict of Interest

A COI means any situation in which The Hive Administrators or one of our representatives has an actual or potential interest that may, in rendering a financial service to our clients -

- influence the objective performance of obligations to that client; or
- prevents us from rendering an unbiased and fair financial service, or
- prevents us from acting in the interests of that client.

An "actual or potential interest" includes but is no limited to:

- A **financial interest**, which includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration which exceeds R1000 per calendar year.[1]

- An **ownership interest** which means any equity or proprietary interest and any dividend, profit share or similar benefit derived from that equity or ownership interest.

- Any **relationship with a third party**, meaning any relationship with a product supplier, other FSP's, an associate of a product supplier or an associate of The Hive Administrators. A third party also includes any other person who, in terms of an agreement or arrangement, provides a financial interest to The Hive Administrators or its representatives.

- An **immaterial financial Interest**, which is any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third-party in that calendar year received by –

  - a provider who is a sole proprietor; or
  - a representative for that representative's direct benefit;
  - a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

4.2 What type of interest may we Give and Receive

[1] Financial Interest excludes an ownership interest and Training, that is not exclusively available to a selected group of providers or representatives where that training is related to products and legal matters relating to (1) those products, (2) General financial and industry information, (3) Specialized technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training and (4) qualifying enterprise development contribution to a qualifying beneficiary entity.

The Hive Administrators and our representatives may only offer to and receive specific financial interests from a third party[2], which includes the following:

1. Commission as authorized under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998).
2. Fees as authorized under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998).
3. "Other fees" specifically agreed to by the client and which can be stopped by the client at their discretion but only if agreed in writing with the client, including details of the amount, frequency, payment method and recipient of those fees, as well as the details of services to be provided in exchange for the fees.
4. Fees or remuneration for services that were rendered to a third party.
5. An immaterial financial interest.
6. Any other financial interest not mentioned above for which a consideration, fair value or remuneration that is reasonably commensurate is paid by that provider or representative, at the time of receiving that financial interest.

4.3 On what basis may The Hive Administrators Give and Receive Financial Interests

The financial interest referred to in points 2, 3, and 4 above may only be offered or received by The Hive Administrators or it's representatives, if:

[2] FAIS GCOC S3A. FAIS GCOC S1 "third party" means a product supplier, another provider, associate of a product supplier or a provider, a distribution channel and any person who in terms of an agreement or arrangement with a person referred to previously provides a financial interest to a provider or its representatives.

- The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it.
- The payment of those financial interests does not result in The Hive Administrators or representatives being remunerated more than once for performing the same service.
- Any actual or potential conflicts between the interests of clients and the interests of the person receiving those financial interests are effectively mitigated; and
- The payment of those financial interests does not impede the delivery of fair outcomes to clients.

4.4 Financial Interests for Representatives of The Hive Administrators

The Hive Administrators may not offer any financial interest to a representative of that FSP –

- For 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.
- For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client
- That is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for clients.

In relation to delivery of fair outcomes for clients, The Hive Administrators must demonstrate that a determination of a representative's entitlement to a 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.

The measurable indicators are agreed in writing between The Hive Administrators and its representative and sufficient weight (significance) are attached to these indicators to materially mitigate the risk of the representative(s) giving preference to the quantity of business secured for The Hive Administrators over the fair treatment of clients.

The Hive Administrators does not have any representatives that gives advice due to its nature to only provide intermediary services, and hence, does not offer a sign-on bonus to any person, other than a new entrant[3], as an incentive to become a provider authorized or appointed to give advice.

The way in which The Hive Administrators remunerates its representatives and complies with these requirements, is set out in section 6 of this policy.

[3] A person who has never been authorized as a financial services provider or appointed as a representative by any financial services provider.

5. Processes and Internal Controls to manage Conflict of Interest

5.1 Identification of Conflict of Interest

To adequately manage COI, The Hive Administrators must identify all relevant conflicts timeously. In determining whether there is or may be a COI to which the policy applies, The Hive Administrators considers whether there is a material risk of unfair treatment or bias for the client, taking into account whether The Hive Administrators or its representative, associate or employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favor the interest of another client, group of clients or any other third party over the interests of the client;
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

Our policy defines possible conflict of interest or examples of conflict of interest as, inter alia,-

- between The Hive Administrators and the client.
- between our clients if we are acting for different clients and the different interests conflict materially.

- where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client.
- storing confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed, acting impartially to avoid a material risk of harming clients' interests.

5.2 Measures for avoidance and mitigation of Conflict of Interest

To ensure that The Hive Administrators can identify, avoid and mitigate COI situations, The Hive Administrators creates awareness and knowledge of applicable stipulations, through training and educational material. Where a COI situation cannot be avoided, these instances are recorded on The Hive Administrators's conflict of interest register.

The Hive Administrators ensure the understanding and adoption of The Hive Administrators' conflict of interest policy and management measures by all employees, representatives and associates through training on the COI policy.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk.

Compliance and management then agree on the controls that need to be put in place to manage the conflict. Once a conflict of interest has been identified it needs to be appropriately and adequately managed and disclosed, in line with the below steps.

5.3 Measures for mandatory disclosure of Conflict of Interest

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned.

In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. The Key Individual will ensure transparency and manage conflict of interests. The client must be informed on the Conflict of Interest Policy and where they may access the policy.

5.4 Ongoing monitoring of Conflict of Interest Management

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters. The Hive Administrators will conduct *ad hoc* checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his/her general monitoring duties and will report thereon in the annual compliance report.

This policy shall be reviewed annually and updated if applicable. The compliance function is outsourced to an external Compliance company with no shareholding in this FSP. The

Compliance practice functions objectively and sufficiently independently of The Hive Administrators and monitors the process, procedures and policies that The Hive Administrators has adopted to avoid conflicts of interest.

5.5 Training and Staff

Comprehensive training on the Conflict of Interest is provided to all employees and representatives as part of specific and/or general training on the FAIS Act and GCOC.

Training will be incorporated as part of all new appointees' induction. Ongoing and refresher training on The Hive Administrators's Conflict of Interest management processes and policy is provided on an annual basis.

5.6 Registers

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that there are no circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these, prior to entering into any business transaction with you, we undertake to disclose these in the registers below.

All gifts, financial interest, immaterial financial interest and any other COI situations as outlined in this policy, must be recorded in The Hive Administrators's COI register, attached as Annexure A.

6. Remuneration Policy

This section of the Policy specifies the type of and the basis on which a representative of The Hive Administrators will qualify for a financial interest that The Hive Administrators offers and motivates how that financial interest complies with the requirements of this policy.

Our remuneration policy is available on the following link:

https://docs.google.com/document/d/1UWpyvk-MBHKXRCPC2iMApXMOnG3Yhm71/edit

None of our representatives receives any financial interest for giving preference to a specific provider, from The Hive or the product providers directly. Our representatives also complete a Fit & Proper questionnaire quarterly in order to determine whether they received any financial interest.

Representatives only receive basic salaries, and not commission. They only provide intermediary services and hence, there is no target that they have to achieve.

The Hive, being a new company, receives 48.6% of their income from One. The income being only Outsource fees.

The Hive Administrators carry out regular inspections on all remuneration, fees and financial interests proposed or received in order to avoid non-compliance. This includes but is not limited to:

- Analysis of outsource agreement fees on Commspace
- Quarterly feedback from employees with regards to the Fit & Proper Declarations
- Complaint trend analysis

THE HIVE

Administrators

Register of Financial Interests, Ownership Interests and Business Relationship

FSP NAME: The Hive Administrators (Pty) Ltd
FSP NUMBER: 50997
DIRECTORS: van den Berg JDJ
KEY INDIVIDUALS: van den Berg JDJ

Last updated: 21 October 2022

Dear Client,

At The Hive Administrators we believe in open, honest and transparent interactions with our clients. In the course of our business activities situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At The Hive Administrators we take pride in that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest, but would gladly address any concerns you may have. Please refer to annexure A to this register for a complete list.

We may also enjoy a preferred status with one or more of the product supplier companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier, but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to annexure B for complete details of these business relationships.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in annexure 3.

Masthead Membership

We are proud to state that we are members of the Masthead Financial Advisors Association. This association is a voluntary body of independent financial advisors, regulated by its own constitution and code of conduct. This code of conduct requires its members to adhere to ethical and professional standards and to act in the best interest of our clients.

As members of the association I/we may become entitled to certain discounts by virtue of my/our membership.

The Masthead Financial Advisors Association holds 25% of the issued share capital in Masthead (Pty) Ltd, which is a separate legal entity that specializes in providing support services to independent financial services intermediaries.

We have contracted with Masthead (Pty) Ltd to deliver certain services to us, including compliance services. For these services we pay a monthly service fee.

For the sake of full disclosure, please note that we derive no financial interest from Masthead other than services that are paid for.

Annexure A

Financial Interest Received

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than:

1. An ownership interest;
2. Training, that is not exclusively available to a selected group of providers or representatives, On:-

2.1 Products and legal matters relating to those products;
2.2 General financial and industry information;
2.3 Specialized technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

Description	Date Received	From	Reason	Value
Receiving more than 30% of The Hives Income from Onesure	Every month	December 2021	Due to the fact that we have a Binders Agreement with Onesure	Differs from month to month

Annexure B

Business Relationship

Company	Nature	Status	Benefits
-	-	-	-

Annexure C

Policy Adoption and version control

Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person. This includes any dividend, profit sharing or similar benefit derived from that equity or ownership interest.

Date	Version	Detail of change or amendment	Person	Signature

Policy Owner: Ingrid Janse van Rensburg

Annexure D

Additional Definitions

Associate

(a) In relation to a natural person, means–

(i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;

(ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;

(iii) a parent or stepparent of that person;

(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;

(v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);

(vi) a person who is in a commercial partnership with that person;

(b) in relation to a juristic person–

(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;

(ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;

(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;

(iv) means 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;

(c) in relation to any person–

(i) means 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;

(ii) includes any trust controlled or administered by that person.

Fair Value

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

FSC

Means the Financial Sector Code published in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, (Act 53 of 2003), as amended from time to time

Distribution channel means

a) Any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client.
b) Any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier.
c) Any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

New Entrant

Is a person who has never been authorized as a financial services provider or appointed as a representative by any FSP.

No-claim bonus means

Any benefit that is directly or indirectly provided or made available to a client by a product supplier in the event that the client does not claim or does not make a certain claim under a financial product within a specified period of time.

Measured Entity

Has the meaning assigned to it in the FSC insofar it relates to a qualifying enterprise development contribution.

Qualifying Beneficiary Entity

Has the meaning contemplated in the FSC insofar as it relates to a qualifying enterprise development contribution

Qualifying Enterprise Development Contribution
Has the meaning assigned to it in the FSC

Sign-On Bonus means
(a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and
(b) a financial interest referred to in paragraph (a) includes but is not limited to–
(i) compensation for the–
(aa) potential or actual loss of any benefit including any form of income, or part thereof; or
(bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
(ii) a loan, advance, credit facility or any other similar arrangement.