

Policy Name: STL FAIS Conflict of Interest Management

Level: Standard Trust Limited ("STL")

Type: Compliance

Policy owner: Head: Compliance, South Africa: Wealth

Approved by: STL Board of Directors

Date: 30 October 2017

Review date: 30 October 2018

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## 1 Policy Statement

- 1.1 The business of STL is built on trust and integrity as perceived by our stakeholders, especially our Clients, shareholders and regulators.
- 1.2 An important element of trust and integrity is ensuring that STL conducts its business in accordance with the values and Code of Ethics that the Group has adopted, in compliance with applicable laws, rules and standards.
- 1.3 The STL FAIS Conflict of Interest Management Policy (the “Policy”) is designed to comply with applicable statutory and regulatory obligations, ensuring that:
  - 1.3.1 Roles and responsibilities of all internal stakeholders are clearly set out;
  - 1.3.2 STL and its Employees are protected from civil and criminal sanctions, reputational and other damages that may be imposed for regulatory breaches.
- 1.4 STL supports consumer protection and all measures to improve the integrity of the South African financial services industry. To protect our reputation and integrity, all reasonable steps have been taken to ensure that we comply with consumer protection legislation. FAIS is integral in protecting consumers and regulates market conduct within the financial services industry. The FAIS impacted business areas within STL are Managed Agencies and Asset Swaps.
- 1.5 STL has adopted and implemented the provisions of the Group’s FAIS Conflict of Interest Management Policy.
- 1.6 Ownership interests

STL does not hold any ownership interest in any Group or other entity. The Group holds 100% ownership interests in STL.

## 2 Applicability

- 2.1 This Policy applies to all FAIS Affected Employees of STL.
- 2.2 There are no exclusions to this Policy.

## 3 Policy

### 3.1 Conflict of Interest

3.1.1 A Conflict of Interest may occur when rendering a financial service to an existing or potential customer. Such Conflict may occur when STL or a Representative does not act objectively or does not render an unbiased or fair service to an existing or potential customer or does not act in a customer's best interest. A key conflict may occur when a FAIS Affected Employee receives a financial or ownership interest from a Third Party.

3.1.2 In terms of the Code, STL must make all necessary steps to eliminate any practices and/or services that may create a Conflict between their own interests and the interests of customers.

3.1.3 This Policy does not change the Group's existing Conflict of Interest policies and management procedures, but is a supplementary policy addressing the specific requirements of the Code, as it applies to STL.

3.1.4 Immaterial Financial Interests are dealt with under the Group's Gifts and Entertainment Policy ("Gift Policy"). The Gift Policy require business areas to keep a register through which all Employees must report gifts offered or received. The Business, Business Compliance Officers and the FAIS Compliance Officers have access to the register to facilitate compliance with the requirements of this Policy.

3.1.5 Conflict of Interest situations must be avoided. Where it is not possible to avoid any act, action or reward that may create a Conflict of Interest, appropriate steps must be taken to mitigate the impact and must be appropriately disclosed to an existing or potential customer at the earliest reasonable opportunity.

### 3.2 Identifying Conflict of Interest

3.2.1 To identify a Conflict of Interest the following steps must be applied by STL:

3.2.1.1 Analysis of all the distribution models of STL.

3.2.1.2 Analysis of Third Party relationships with STL.

3.2.1.3 The Types of Financial Interests received and/or offered.

3.2.1.4 Remuneration models for Representatives must be signed off by management.

3.2.1.5 Appropriate rules must be put in place around the receipt or offering of Immaterial Financial Interests in keeping with Gift Policy.

All disclosures must be viewed regularly in terms of FAIS to ensure appropriate identification and disclosure of Conflict of Interest.

### 3.3 Managing non-compliance

Non-compliance with this policy must be escalated to STL's Business Compliance Officer and Managing Director, together with a recommendation on the measures to be taken to mitigate the non-compliance.

### 3.4 Contractual relationships

Our contractual relationship with our FAIS Affected Employees prevents them from rendering intermediary services (under a CAT I and CAT II licence) outside of the approved sub-categories.

### 3.5 Processes and procedures for compliance

The following internal procedures must be followed:

3.5.1 FAIS Affected Employee to read and familiarise themselves with the General Code of Conduct, this Policy and The Group FAIS Conflict of Interest Management Policy

3.5.2 Training and educational material on how Conflict of Interest may arise and how it can be avoided must be provided to FAIS Affected Staff on an ongoing basis.

## 4 Financial Interest

4.1 The following Financial Interests may be received from or offered to a Third Party:

4.1.1 Subject to any other law, an Immaterial Financial Interest.

4.1.2 A Financial Interest for which a consideration, fair value or remuneration that is reasonably in line with the value of the Financial Interest is paid by STL or Representative at the time of its receipt or paid by the FSP or Representative of the FSP for the Financial Interest offered by STL.

- 4.1.3 Commission paid once off to a Third Party's representative for referrals to STL which is not directly claimed from the client.
- 4.2 STL will not offer any Financial Interest to FAIS Affected Employees for favouring quantity of business over quality of service.
- 4.3 Representatives are mandated to render intermediary services to existing or potential customers. Representatives are remunerated by salary. Discretionary bonuses may be offered based on the performance of STL as well as the Individual Representative's performance. STL may provide cash and non-cash benefits from time to time to its Representative in line with the Group's Gratification Policy.
- 4.4 Matters relating to sign on bonuses (if and when applicable) will be managed in accordance with the Group FAIS Conflict of Interest Management Policy.
- 4.5 Breaches of this policy must be reported to the line management and Compliance function.
- 4.6 Recordkeeping

All records relating to FAIS should be retained by line management for a minimum period of five years.

## 5 Roles and Responsibilities

- 5.1 Executive and Line management:
  - 5.1.1 Must institute and maintain measures and controls to ensure adherence to this Policy;
  - 5.1.2 Must report breaches of this Policy to Compliance;
  - 5.1.3 Is responsible and accountable for the implementation of the requirements of this Policy.
- 5.2 Compliance must:
  - 5.2.1 Develop, review and maintain this Policy;
  - 5.2.2 Monitor adherence to this Policy;
  - 5.2.3 Raise awareness in terms of this Policy;
  - 5.2.4 Advise Employees, line managers and business unit heads, where necessary;
  - 5.2.5 Provide training, and guidance in respect of this Policy to their business areas.

### 5.3 FAIS Affected Employees must:

#### 5.3.1 Familiarize themselves with and adhere to this Policy.

### 5.4 Governance structures

STL must have governance structures in place to ensure compliance with this Policy.

### 5.5 GIA

GIA, in its capacity as the third line of defence, provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, which will include assurance over this Policy. This is achieved through the completion of an annual risk Based audit plan. GIA has the authority to independently determine the scope and extent of work to be performed, as mandated by the Group Audit Committee. GIA assists executive management in accomplishing their business objectives by bringing a systematic, disciplined, risk based approach to the evaluation and improvement of the effectiveness of risk management, controls and governance processes.

### 5.6 Business Compliance Officer and FAIS Compliance Officers

FAIS Compliance Officers provide ongoing compliance services and monitor compliance with FAIS and related legislation.

### 5.7 Representatives

Representatives are mandated to provide an intermediary service to an existing or potential customer.

## 6 Related Policies and Procedures

### 6.1 Standard Bank Group Code of Ethics.

### 6.2 Group Conflicts of Interest Policy.

### 6.3 Group Gifts and Entertainment Policy.

### 6.4 Group Outside Business Interest Policy.

## 6.5 Group FAIS Conflict of Interest Management Policy.

## 7 Disciplinary Action

- 7.1 Non-compliance with this Policy may result in FAIS Affected Employees being subject to internal disciplinary procedures. This may result in debarment and/or dismissal of FAIS Affected Employees.
- 7.2 STL may also be held liable for compensation for failure to comply with this Policy.
- 7.3 Avoidance, limitation or circumvention of this Policy through whatever means will also be seen as non-compliance and may result in the instituting on internal disciplinary procedures.

## 8 Definitions

### 8.1 Client:

A person or persons or institution that holds or maintains a relationship with STL or expresses or indicates an intention to do so (includes a consultant, broker, vendor or other service providers).

### 8.2 Conflict of Interest:

A Conflict of Interest, (a "Conflict"), arises in any activity or transaction to which STL is a party or provides services and where:

- 8.2.1 The interest of STL and the Client either directly conflict or are incompatible with one another [the STL/Client Conflict]; and/or
- 8.2.2 The personal interest of an Employee or agent of STL conflict or are incompatible with those of the Client [STL Employee/Client Conflict]; and/or
- 8.2.3 The personal interests of an Employee or agent of STL conflict or are incompatible with those of STL itself [STL Employee/STL Conflict]; and/or
- 8.2.4 The interest of two or more Clients either directly conflict or are incompatible with one another [Client/Client Conflict]; and/or
- 8.2.5 STL is part of a broader Group, where reporting lines and information flows between STL, its parent company and/or other subsidiaries can lead to the emergence of similar conflicts of interest (e.g.

sharing potential proprietary, confidential or otherwise sensitive information from different entities [Group Conflict].

### 8.3 Employees:

As informed by the Resolution concerning the General International classification of the status of Employment (ICSE-93), employment in STL shall include the following, regardless of specific job responsibilities, department and/or location and should be read in conjunction with the Non-Permanent Policy and Employment Relations Policy.

#### 8.3.1 Permanent employees;

#### 8.3.2 Non-permanent employees who contract directly to STL, termed Fixed Term Contractors (“STL”);

#### 8.3.3 Non- permanent resources shall include Fixed Term Contract/limited duration contracts and

#### 8.3.4 Temporary Services

#### 8.3.5 STL acknowledges that it may be jointly and severably liable for any Non- permanent resource secured via a Third Party as Secondary Employer for such non-permanent employees engaged through a Third Party, such as, Temporary Employment Service (“TES”), who shall be deemed to be the Primary Employer of such employees in accordance with country specific legislation.

The definition of Employment shall exclude Independent Services Providers (“ISP’s”)

#### 8.3.6 FAIS Affected Employee

A FAIS Affected Employee includes employees authorised to act on behalf of STL (the authorised financial services provider), Representatives (as well as Representatives under supervision) and Key Individuals.

## 9 Policy Administration

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Key Words: FAIS Act / FAIS Conflict of Interest / Compliance / Conflict of Interest Management

## 10 Revision History

Version no.	Purpose of revision: <i>[Regulatory development / Bi-annual review]</i>	Review date:	Effective date:	Summary of key revision points:
V1		September 2014	September 2013	
V2		September 2015	September 2014	
V3	Alignment with FSB press notice issued 13 March 2015	February 2016	February 2016	FSB acts to prohibit sign-on bonuses for financial advisers
V4	Alignment with Group FAIS Conflict of Interest Management of policy.	July 2017	July 2018	One material change has been made to the Policy to clarify the applicability of the Policy. The material change relates to the amendment of the definition for a FAIS Affected Employee to

				<p>this Policy, which is as follows:</p> <p><i>A FAIS Affected Employee includes employees authorised to act on behalf of STL (the authorised financial services provider), Representatives (as well as Representatives under supervision) and Key Individuals.</i></p>
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