Standard Bank Group - Policy

Policy Name:	FAIS Conflict of Interest Management Policy
Abstract:	The FAIS Conflict of Interest Management Policy is designed to comply with the Financial Advisory and Intermediary Services Act and General Code of Conduct for Financial Services Providers and representatives.
Level:	Group (South African operations and their juristic representatives, irrespective of location)
Classification:	Public
Owner:	Group Chief Compliance Officer
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Classification

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1. Purpose and overview

1.1 The business of the group is built on trust and integrity as perceived by our stakeholders, clients, shareholders and regulators.

1.2 An important element of trust and integrity is to ensure that the group conducts its business in accordance with the values and Code of Ethics and Conduct that the group has adopted, and in compliance with applicable laws, rules and standards.

1.3 The group supports consumer protection and all measures to improve the integrity of the South African financial services industry and has taken all reasonable steps to ensure that it complies with consumer protection legislation. FAIS is integral in protecting clients and regulates market conduct within the financial services industry.

1.4 The FAIS Conflict of Interest Management Policy (**policy**) is designed to comply with the General Code and addresses the following:

- Mechanisms used to identify conflicts of interest.
- Measures for the disclosure of conflicts of interest.
- Measures for avoidance and mitigation of conflicts of interest.
- Processes and procedures to ensure compliance with this policy.
- Consequences of non-compliance with this policy.
- Details of the types of financial interests that a representative is allowed to receive.
- The basis on which any financial interest is received.

2 Policy statement

A conflict of interest in terms of FAIS may arise in any situation where a FSP or its representative has an actual or perceived interest that may compromise the objective performance of their duties and obligations or prevent them from rendering an unbiased and fair financial service to a client.

The group is committed to ensuring consumer protection in line with consumer protection legislation and taking all measures necessary to improve the integrity of the South African financial services industry. Compliance with FAIS is integral to protecting clients and regulates market conduct within the financial services industry.

This policy is designed to comply with FAIS and the General Code and applies to group FSPs, their juristic representatives and FAIS affected employees.

3. Applicability

3.1 This policy applies to the provision of all financial services, as defined by FAIS, by group FSPs, their juristic representatives and FAIS affected employees within the group, regardless of location or business unit.

3.2 This policy applies when any action is undertaken which does or may amount to an actual or potential conflict of interest that impacts on an unbiased and fair financial service rendered to a client.

3.3 For purposes of this policy, independent contractors are included where they are appointed as representatives of an FSP.

3.4 This policy applies to the following FSPs within the group:

• Liberty Group Ltd	FSP2409
• Liberty Linked Investment Platform (Pty) Ltd	FSP44551
• Liberty Wealth Consultancy (Pty) Ltd	FSP17404
• Melville Douglas Investment Management (Pty) Ltd	FSP595
• Mentenova (Pty) Ltd	FSP43937
• SBG Securities (Pty) Ltd	FSP26691
• Standard Bank Financial Consultancy	FSP3825
• Standard Bank Insurance Brokers (Pty) Ltd	FSP224
• Standard Insurance Limited	FSP33348
• The Standard Bank of South Africa Limited	FSP11287
• Standard Trust Limited	FSP705
• STANLIB Asset Management (Pty) Ltd	FSP719
• STANLIB Wealth Management (Pty) Ltd	FSP590
• Stonehouse Capital (Pty) Ltd	FSP50464
• YALA Consultants and Actuaries (Pty) Ltd	FSP46671

- 1nvest Fund Managers (Pty) Ltd FSP49955

3.5 This policy is a supplementary policy addressing the specific requirements of the General Code and does not change the group's existing conflicts of interest policies and management procedures.

3.6 This policy reflects the group's minimum requirements, and these may not be deleted by a business unit or business area.

3.7 The minimum requirements contained in this policy may be supplemented or customised in a business policy or procedure to provide for additional requirements. Any proposed additional requirements to this policy must be discussed with, and, if agreed to, approved in writing by the group compliance policy owner.

3.8 All approvals provided in writing by the group compliance policy owner together with the customised policy must be submitted to the relevant governance committee for approval.

4. Minimum requirements to comply with this policy

4.1 Conflicts of interest

4.1.1 FSPs must take all necessary steps to eliminate any practices and services that may create a conflict between their own interests and the interests of clients.

4.1.2 A conflict of interest is any situation where an FSP or representative has an interest that may arise, in rendering a financial service to a client, which:

- influences the objective performance of their obligations; or
- prevents the FSP or representative from rendering an unbiased and fair financial service.

This includes receiving a wide range of financial interests, ownership interests and any relationship with a third party.

4.1.3 Managing conflicts of interest

Conflicts of interest must be avoided. Where it is not possible to avoid any act, action, reward or situation that may create a conflict of interest, appropriate steps must be taken to:

- escalate the potential conflict of interest to the relevant FAIS Compliance Officer and business unit head, together with a recommendation as to the measures to be taken to mitigate non-compliance;
- mitigate the impact, and
- appropriately disclose the conflict of interest to a client.

4.2 Identifying conflicts of interest

To identify a conflict of interest, FSPs must:

4.2.1 Analyse their distribution models.

4.2.2 Analyse their third-party relationships.

4.2.3 Review the types of financial interests received and offered.

4.2.4 Ensure sign-off of remuneration models for representatives by the management of the applicable distribution channel and the relevant business area.

4.2.5 Put in place appropriate rules around the receipt or offering of immaterial financial interests in keeping with the Group Gifts and Entertainment Policy.

4.2.6 Regularly review all disclosures as required by FAIS to ensure appropriate identification and disclosure of conflicts of interest.

4.3 Disclosing conflicts of interest

4.3.1 FSPs or representatives must disclose to a client, in writing and at the earliest reasonable opportunity, any conflict of interest in respect of that client. The following must be disclosed:

- Measures taken to avoid or mitigate the conflict.
- Any ownership or financial interest (other than an immaterial financial interest) that the FSP or representative may be or become eligible for.
- The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest.

4.3.2 Clients must be informed of this policy and how it may be accessed.

4.4 Contractual relationship

FAIS affected employees must not place business with product suppliers outside of their mandate.

4.5 Processes and procedures for compliance

4.5.1 The following internal procedures must be followed by FSPs:

- FAIS affected employees must read and familiarise themselves with the General Code as well as this policy and ensure that they fully understand the provisions and application of both documents.

- Training and educational material on how conflicts of interest may arise and how it can be avoided must be provided to FAIS affected employees on an ongoing basis.

4.6 Financial interests

4.6.1 An FSP or its representatives may only receive or offer the following financial interests from or to a third party:

commission	Regulated commission under the LTIA, STIA or MSA.
fees	Fees as authorised under the LTIA, STIA and MSA.
	Any other fees for rendering a financial service for which no commission or fees authorised under the LTIA, STIA or MSA are payable, if the amount, frequency, payment method and recipient of those fees, and details of the services that are to be provided by the FSP or its representatives in exchange for the fees, are specifically agreed to by a client in writing. Such fees may be stopped at the client's discretion.
	Fees or remuneration for rendering a service to a third party. An FSP or its representatives may only receive or offer the above fees if: - the fees are reasonably commensurate with the service being rendered, considering the nature of the service and the resources, skills and competencies reasonably

	required to perform it; - payment of the fees does not result in the FSP, or representative being remunerated more than once for performing a similar service; - any actual or potential conflicts between the interests of clients and the interests of the person receiving the fees are effectively mitigated; and - payment of the fees does not impede the delivery of fair outcomes to clients.
immaterial financial interest	Subject to any law, an immaterial financial interest.
other financial interest	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 an FSP or its representative at the time of its receipt.

4.6.2 An FSP must not offer any financial interest to a representative:

- based on the quantity of business secured for the FSP without also considering the delivery of fair outcomes for clients;
- for preferring a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- for preferring a specific product of a product supplier, where a representative may recommend more than one product of that product supplier.

4.6.3 An FSP must not offer or provide a sign-on bonus to any representative, other than a new entrant, as an incentive to become a category I provider that is authorised or appointed to give advice.

4.6.4 A category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from any person.

4.6.5 Immaterial financial interest

An FSP including its KI, or its representative may not give, offer, or receive an immaterial financial interest, the aggregate of which exceeds R1 000, in any calendar year from the same third party. An FSP and its representatives include:

4.7.5.1 an FSP who is a sole proprietor; or

4.7.5.2 a representative who receives an immaterial financial interest for that representative's direct benefit; or

4.7.5.3 an FSP who, for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

The Group Gifts and Entertainment Policy sets out further requirements for KIs and representatives.

4.7 Escalation

In instances where there is a dispute regarding this policy, the dispute must be escalated to the head of the business area and its Chief Compliance Officer and thereafter to the Group Chief Compliance Officer and FAIS Compliance Officer, whose decision is final.

4.8 Non-compliance

Non-compliance with this policy must be reported in line with the normal governance reporting mechanisms to line management and the Compliance function.

4.9 Interpretation

If any aspect of this policy can be interpreted as having more than one meaning, then the meaning that best promotes the purpose of this policy shall prevail as decided by the policy owner.

4.10 Recordkeeping

4.10.1 All records listed below must be kept for at least five years or in accordance with the time periods prescribed for recordkeeping by regulatory requirements, whichever is later:

4.10.1.1 Records confirming the written approval received from the group compliance policy owner of any additional requirements to a customised policy must be maintained by the relevant business area or business unit.

4.10.1.2 All records relating to non-compliance with this policy must be maintained by the relevant business area or business unit.

5. Roles and responsibilities

5.1 Board Committees

The board of directors (by delegation to the relevant board committee or oversight body acting on the board's behalf) shall ensure that an effective policy for managing FAIS conflicts of interest is in place.

5.2 Governance structures

FSPs must have governance structures in place that require management to ensure compliance with this policy.

5.3 Line management and KIs

Line management and KIs are responsible and accountable for the implementation of the requirements of this policy.

5.4 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.

5.5 FAIS Compliance Officers

FAIS Compliance Officers provide ongoing compliance services and monitor compliance with this policy.

5.6 FSPs

5.6.1 FSPs must always render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients. Before benefits are paid to representatives, an FSP may take the following quantity and quality of business measure into account:

- The size of the representative's book of business, measured by premiums and assets under management.
- The growth of the representative's book of business, measured by the amount of business the representative has introduced successfully during the year.
- Persistence of the representative's book of business, measured by short-term and long-term lapse rates.
- The quality of the representative's advice to an existing or potential client.
- The quality of the representative's advice, measured by the client's level of satisfaction, as determined by a client evaluation.

5.6.2 An FSP paying benefits to a representative based on the quantity of business secured, must also consider the delivery of fair outcomes to the clients. The FSP must demonstrate measurable indicators considered on the following aspects, as agreed between the FSP and the representative:

- The achievement of minimum service level standards in respect of clients.
- The delivery of fair outcomes for clients.
- The quality of the representative's compliance with the FAIS requirements.

5.6.3 The FSP must attach sufficient weight on the indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the FSP, over the fair treatment of clients.

6. Exceptions

Should a business unit or business area be unable to comply with any provision of this policy, the compliance officer of the business unit or the business area must bring this to the attention of the group policy owner in writing for discussion.

7. Disciplinary action

7.1 Non-compliance with this policy may result in a FAIS affected employee being subject to internal disciplinary procedures. This may result in the debarment and/or dismissal of the FAIS affected employee.

7.2 An FSP 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 of internal disciplinary procedures.

8. Definitions

category I	A type of licence issued by the FSCA to entities to render advice and intermediary services in terms of FAIS.
client	A person or institution that holds or maintains a relationship with the group or expresses or indicates an intention to do so (including but not limited to a consultant, broker, counterparty, or supplier).
FAIS	The Financial Advisory and Intermediary Services Act 37 of 2002, as amended from time to time.
FAIS affected employee	• Management committee and executive committee members of an FSP • Directors of an FSP. • Any representative of an FSP. • Any KI approved by the FSCA to manage and oversee compliance of an FSP with the requirements of FAIS.
FAIS Compliance Officer	A compliance officer appointed by an FSP in terms of section 17 of FAIS.
financial interest	A financial interest includes cash, cash equivalent, vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorships, other incentives or valuable consideration, other than: • an ownership interest that is an equity or proprietary interest acquired for fair value and includes dividends, profit share and similar benefits; and/or • training by a product supplier on products, general industry information and technical systems that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training. • a qualifying enterprise development contribution to a

	qualifying beneficiary entity by an FSP that is a measured entity.
FSCA	Financial Sector Conduct Authority.
FSP	Authorised financial services provider licensed under FAIS.
General Code	General Code of Conduct for FSPs and representatives, published under FAIS.
group, we, our, us	Standard Bank Group Limited (including its subsidiaries and their subsidiaries).
GIA	Group Internal Audit.
immaterial financial interest	means any financial interest with a determinable monetary value, the aggregate of which is not more than R1 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; or • a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.
juristic representatives	means: (a) a company or a close corporation as defined in section 1 of the Companies Act No. 71 of 2008; or (b) a person that is appointed as a representative of only one particular FSP and that has a written mandate from the FSP to render a specific financial service on behalf of that FSP.
KI	A key individual in relation to an FSP means any natural person responsible for managing or overseeing, either alone or together with other responsible persons, the activities of the FSP.
LTIA	Long-Term Insurance Act 52 of 1998.

MSA	Medical Schemes Act 131 of 1998.
new entrant	A person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.
ownership interest	• any equity or propriety 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; and • includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
provider	An FSP, includes a representative.
representative	Any person who renders a financial service in terms of FAIS to a client for or on behalf of an FSP in terms of conditions of employment or any other mandate.
sign-on bonus	Includes any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider. A financial interest referred to in this paragraph includes but is not limited to compensation for the: • potential or actual loss of any benefit including any form of income, or part thereof; or • 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 • a loan, advance, credit facility or any other similar arrangement.
STIA	Short-Term Insurance Act 53 of 1998 as amended from time to time.
third party	A third party includes: • a product supplier, • another provider, • a distribution channel,

- an associate of the product supplier and provider, and
- any person who, in terms of an agreement or arrangement with a person referred to above, provides a financial interest to a provider or its representatives.

8. Ownership interests

8.1 Information relating to the ownership Interests of the group are contained in the annual financial statements. Please refer to the link below.

8.2 Link - https://reporting.standardbank.com/results-reports/financial-results/

9. Policy administration

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