

# STANLIB

## **Conflict of Interest Policy**

*This Policy describes the policy statements and responsibilities to manage conflicts of interests.*

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## 1. Introduction

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In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended (“the Code”), promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act (Act No. 37 of 2002 – “the FAIS Act”) financial services providers must take all necessary steps to eliminate any practices and/or services that may create a conflict between their interests and the interests of an existing or potential client.

“Conflict of interest” means any situation in which STANLIB (Pty) Ltd or its representatives has an actual or 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 STANLIB (Pty) Ltd or its representatives 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 (“third party” means
  - a. a product supplier,
  - b. another provider,
  - c. an associate of a product supplier or a provider;
  - d. a distribution channel;
  - e. any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.)

Conflict of interest situations must be avoided.

Where it is not possible to avoid any act, action or gift that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact and it must be appropriately disclosed to the client at the earliest reasonable opportunity.

The FAIS Act prohibits the exchange of certain financial interests such as cash, vouchers, gifts to the total value of over R1000 per annum, domestic or foreign travel, accommodation, sponsorship or other incentives or valuable consideration.

This Policy sets out the management of any such conflicts of interests:

- The mechanisms used to identify such conflicts,
- The measures for avoidance and disclosure,
- Processes and procedures for compliance with the Policy, and
- The consequences of non-compliance to the Policy.

The Policy also contains details of the types of financial interests a STANLIBs' representative receives or offers and the basis on which it is received and offered.

The responsibility for avoiding conflict of interest does not end with individuals or directors but extends to their close family and friends or other beneficiaries who may have interest that conflict with those of STANLIB.

The Policy also contains a list of all associates of STANLIB and third parties in which Liberty Group holds an ownership interest or that hold an ownership interest in Liberty.

## 2. Purpose of the Policy

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To help STANLIB employees, officers and directors to make sound decisions when confronted with potential conflict of interest situation by providing specific guidelines. Ensuring that decision making is sound and in line with good business practice. Decision making should be fair and objective and in the best interest of STANLIB. We acknowledge that conflict of interest situations can often be complex, thus this policy provides broadly applicable guidelines for behaviours and actions that we expect.

## 3. Scope of this Policy

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This Policy applies to all Employees; including FAIS approved Representatives and Key individuals of STANLIB.

## 4. Identifying Conflicts of Interest

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STANLIB shall use all reasonable measures to ensure that it is able to identify and manage actual and potential conflicts.

A conflict of interest is any situation in which STANLIB, or its representative has an actual or potential interest that may, in rendering a financial service to a client:

- Influence the objective performance of its obligations to that client; or
- Prevent STANLIB or the representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of the client;

It includes receiving a wide range of financial and non-financial benefits, ownership interests and any relationship with a third party.

Although this is not a comprehensive list, the primary methods that STANLIB may use to manage and detect actual or potential conflicts of interest include:

- STANLIB has an independent Compliance Department who has a responsibility to monitor the identification, avoidance and the management of conflicts of interest;

- Forms, procedures and systems to identify specific situations where there are competing or adverse interests, such as the:
  - Gift Register,
  - Gift disclosure form
  - Personal account trading disclosure form; and
  - Declaration of personal interests form
- For the tracking and monitoring of permissible financial interests and the compliance review process;
- Trade surveillance and restriction systems and procedures, including insider trading and restricted lists to monitor the flow of inside information within STANLIB and to prohibit employees from misusing such information for STANLIB's benefit or to the detriment of clients;
- Regulation of personal investment and business activities of STANLIB employees to prevent conflicts of interest arising against the interest of clients;
- Training of employees, by the Compliance and Training departments;
- The general or specific disclosure of conflicts of interest to clients where necessary, including but not limited to, instances where it is considered not possible to have sufficient arrangements to avoid a conflict of interest.
- Training and awareness on how conflicts of interest may arise and how it can be avoided is provided to all representatives.
- Business units are required to implement and maintain appropriate record keeping systems to which STANLIB compliance will have unlimited access. STANLIB compliance monitors all financial interests received by its representatives, as part of STANLIB's overall compliance monitoring program.
- Business units are required to implement and maintain appropriate record keeping systems to which STANLIB compliance will have unlimited access. STANLIB compliance monitors all financial interests offered to/received from Independent Financial Advisors (IFA's) and third parties, as part of STANLIB's overall compliance monitoring program.
- Non-compliance incidents are escalated to the relevant STANLIB governance structures.

## 5. Measures for Avoidance and Disclosure

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STANLIB shall at all times be cognisant of the duty it owes to its clients and shall endeavour to ensure that any conflicts of interest are resolved fairly.

Where a conflict of interest cannot be avoided, STANLIB's representatives are required to make a written disclosure of such a conflict to their existing and potential clients at the earliest reasonable opportunity, together with measures that were taken to mitigate the situation. Any such disclosures are required to be approved by the STANLIB Compliance Department. Every existing and potential client has the right to ask his/her STANLIB representative for further details regarding such disclosures. A (potential) client's rights and the protection offered under the Code may not be waived.

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STANLIB compliance monitors all financial interests received by its representatives, as part of STANLIB's overall compliance monitoring program. STANLIB compliance monitors all financial interests offered to/received from IFA's and third parties, as part of STANLIB's overall compliance monitoring program

## 6. Declaration of Interest

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At the earliest reasonable opportunity, employees and its representatives must declare the existence of conflicts of interest by completing the attached Declaration of Interest form. The Declaration of interest is completed and signed by the Employee making the declaration and approved by the line manager where required (This needs to be reviewed and updated when circumstances change). Non-disclosure may result in disciplinary action and subsequent dismissal.

## 7. Personal Accounting Trading

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In accordance with STANLIB's Personal Account trading policy all STANLIB employees are required to adhere to the STANLIB's Code of Conduct in respect of Personal Account Transactions. In terms of the Code employees are required to obtain pre-trade approval before buying or selling ordinary shares, preference shares, fixed interest bonds, inflation-linked bonds, convertible securities, futures, options, warrants, swaps or any other financial instruments for their own account or for the account of any member of their family or any investment entity in whom they have an interest. A Personal account trading form must be completed by the employee, approved and recorded by the Business unit Head or Key individual of the business unit.

## 8. Roles and Responsibilities

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STANLIB has adopted a governance process that requires executive management to ensure compliance to this Policy:

### 8.1. Chief Executive Officer

The Group Chief Executive Officer is accountable for the implementation and compliance with this Policy within STANLIB.

## 8.2. Head of Compliance

The Head of Compliance is accountable for the maintenance of this Policy within the context of changing business practices and a changing regulatory environment.

## 8.3. Business Unit Heads

The Business Unit Heads are accountable for ensuring compliance with this Policy as an integral part of operations and risk management within their business units.

## 8.4. Key Individuals

STANLIB's appointed Key Individuals under the Code are accountable for ensuring compliance by representatives listed on the representative registers under their control as required in terms of the provisions of the FAIS Act.

## 8.5. Executive Officer, Group Internal Audit Services

The Executive Officer, Group Internal Audit Services is accountable for assurance to the board of directors on the adequacy and effectiveness of STANLIB's internal and compliance controls relating to conflicts of interest.

## 8.6. Compliance Management Framework

STANLIB will include conflict of interest monitoring in its Compliance Monitoring Programme which forms part of STANLIB's Compliance Management Framework. The Compliance Monitoring Program is reviewed annually and STANLIB's Group Compliance function regularly reports to management in terms of the program. The compliance department shall conduct periodic reviews on STANLIB's compliance with this Policy.

## 8.7. Staff Training

Appropriate training shall be provided to all STANLIB staff to ensure that all staff members are aware of the contents of this Policy and their duties in terms thereof.

## 9. Consequences of Non-Compliance

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Non-compliance to this Policy will be dealt with in terms of STANLIB's disciplinary policies. All STANLIB employees who do not comply with this Policy will be subject to STANLIB's internal employee disciplinary procedures. All STANLIB's representatives who do not comply with this Policy will be subject to the processes and procedures applicable to representatives under the Financial Advisory and Intermediary Services Act (FAIS Act).

## 10. Financial Interests

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### Representatives

Some of STANLIB's representatives are salaried employees. Others are independent contractors who are paid a combination of commission and other benefits.

These other benefits include:

- Options to invest in collective investment schemes with STANLIB.
- Certain non-cash prizes if specific business targets are met.
- Certain reimbursed allowances.

Before these other benefits are paid, STANLIB takes the following quantity and quality of business measures 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 and long-term lapse rates.
- The quality of the representative's advice and service to the client, measured by the representative's Compliance Scorecard (i.e. appropriateness of financial advice provided as reflected by the Financial Needs Analysis that was done).

While it is impractical to describe all situations that may create conflicts of interest, the following provides policy guidance on some of the most common conflicts of interest situations:

In the following examples, employees must obtain prior approval from management:

- An employee or family member has a financial interest in a transaction between STANLIB and an entity in which the employee or family member is a director, officer, agent, partner, associate, employee, trustee, personal representative or other legal representative.
- Outside business interest/s in according to STANLIB's Outside of business interest policy
- All staff members must adhere to the STANLIB Gift policy

The following are some examples of conflicts of interest which must be declared by staff (the list is non-exhaustive):

An employee or a family member is a party to a contract or involved in a transaction with STANLIB for goods and services as a supplier.

All gifts must be declared in writing to your manager irrespective of the value as soon as possible or within 14 days of receipt.

# STANLIB

Receiving financial and/or any other non-financial advantage, preference or benefit from any vendor, supplier or other person with whom STANLIB has a business relationship not in the normal course of business.