

## FAIS Conflict of Interest Policy

On the 19<sup>th</sup> April 2010, the Financial Services Board published amendments to the Financial Advisory and Intermediary Services Act (FAIS) General Code of Conduct.

In terms of these amendments, all Financial Services Providers (FSP'S) are required to formalise and document detailed policies to ensure that all instances of "Conflict of Interest" will be managed and all associated disclosures are made to clients.

The GIB Group has defined the key principles governing FAIS Conflict of Interest at a high level. Each affected business unit has defined specific rules around any occurrences of "Conflict Of Interest" which is available.

### EXTRACT FROM THE GIB CODE OF CONDUCT

#### FAIS Conflict of Interest

##### Introduction

This policy addresses amendments to the Financial Advisory and Intermediary Services Act (herein after referred to as FAIS) General Code of Conduct as published in the Government Gazette of 19<sup>th</sup> April 2010. More specifically it addresses conflict of interests, gifts and financial interests which apply to GIB and its representatives (FAIS affected staff members). This policy is incorporated into the Code of Conduct and all other relevant sections must be taken into consideration when this section is read.

##### Objective

The aim of this policy is to govern any conflict of interests, gifts or financial interests received / given within a FAIS related context. This policy only applies to GIB as an FSP, to GIB's representatives and Key Individuals as FAIS affected staff members.

##### Scope

This policy is applicable to all FAIS Representatives (also those under Supervision) and Key Individuals.

The principles recorded below have been aligned to the FAIS Code of Conduct as amended during April 2010.

- GIB or a representative must **avoid** all conflict of interests between a product provider and client or representative or client.
- GIB or a representative must **mitigate** all conflict of interests with regards to a client if it cannot be avoided.
- GIB or a representative must **disclose** all conflict of interest to a client in respect of that client as soon as possible and in writing including:
  - measures taken to avoid or mitigate the conflict;
  - any ownership interest or financial interest that GIB or representative may be or become eligible for;

- the nature of a relationship or arrangement with a third party that gives rise to a conflict of interests, in sufficient detail, so that the client understands the exact nature of the relationship or arrangement and the conflict of interests, and
- GIB or its representatives must **inform** the client of the GIB Code of Conduct and FAIS Conflict of Interests section contained therein.
  - GIB or its representatives may only **receive** or **offer** the following financial interest;
    - commission and fees for the rendering of financial services authorised under the Long-term Insurance Act, Short-term Insurance Act and Medical Schemes Act;
    - fees agreed by the client in writing, if not covered by the above Acts and for the rendering of a financial service. The client may stop these fees at any time;
    - fees or remuneration for the rendering of a service to a product supplier and which are commensurate to the service being rendered;
    - an immaterial financial interest (not more than a R1,000 per annum, per vendor and limited to two gifts every six months from the same vendor)
    - a financial interest not referred to in the above for which a consideration, fair value or remuneration and which is commensurate, is paid by Nedbank or its representatives.
    - All fees, commission and remuneration received / paid by GIB or its representatives must be recorded and audited as per the prescribed GIB procedure.
    - All immaterial financial interests received (gifts) must be declared.
  - GIB may not offer financial interest to its representatives or associates for:
    - giving preference to the quantity of business secured to the exclusion of quality of service rendered to its clients; or
    - giving preference to a product supplier where a representative may recommend more than one product supplier to a client; or
    - giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that supplier to a client.