



**LIBERTY**  
*In it with you*

## FAIS Conflict of Interest Management Policy

This policy establishes a legislative framework to manage risks associated with conflict of interest as required by the Financial Advisory and Intermediary Services Act No. 37 of 2002, General Code of Conduct.

<b>Policy Level</b>	Level 2 (In support of Group Compliance Policy)
<b>Policy Owner</b>	Group Chief Compliance Officer
<b>Approving Management Committee</b>	Compliance Management Committee
<b>Date</b>	22 January 2021
<b>Approving Committee</b>	Group Control and Risk Oversight Committee
<b>Date</b>	February 2021

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## 1 Purpose

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 Advisory and Intermediary Services Act (Act No. 37 of 2002 – “the FAIS Act”) financial services providers (“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.

A conflict of interest is any situation where a Provider or a Provider’s representative (whether an Independent Financial Adviser (IFA) or a representative) has an interest that may in rendering a financial service to a client, influence the objective performance of his/her/its obligations to that client or where it prevents him/her/it from rendering an unbiased and fair financial service to that client. It includes receiving a wide range of financial interest, ownership interests and any relationship with a third party. Conflict of interest situations must be avoided.

### ***Financial interest means:***

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:

- a) an ownership interest.
- b) training, that is not exclusively available to a selected group of providers or representatives, on –
  - i. products and legal matters relating to products.
  - ii. general financial and industry information.
  - iii. specialised technological systems of a third party necessary for the rendering of financial services; but excludes travel and accommodation associated with such training.
- c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.

### ***Ownership interest means:***

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; and

- (a) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

### ***Third party means:***

- (a) a product supplier;
- (b) another provider;
- (c) an associate of a product supplier or provider;
- (d) a distribution channel; or
- (e) any person who in terms of the agreement or arrangement with a person referred to in paragraphs (a) to (d) above a financial interest to a provider or its representatives.

In addition, the Code requires that where it is not possible to avoid any act, action or reward 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.

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This policy sets out the management of any such conflicts of interest and includes:

- 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 contains details of the types of financial interests a Liberty representative, including an IFA receives and the basis on which it is received. It also contains a list of all associates of Liberty and third parties in which Liberty holds an ownership interest or that hold an ownership interest in Liberty.

## **2 Scope of this Policy**

This policy applies to the following financial services providers, key individuals and its representatives, within Liberty Holdings Ltd:

- Liberty Group Ltd;
- Liberty Wealth Consultancy (Pty) Ltd;
- Frank Financial Services (Pty) Ltd;
- Mentenova Consultants and Actuaries (Pty) Ltd;
- Liberty Linked Investment Platform (Pty) Ltd;
- Mentenova (Pty) Ltd (60% shareholding);
- STANLIB Asset Management (Pty) Ltd;
- STANLIB Multi-Manager Ltd; and
- STANLIB Wealth Management (Pty) Ltd.
- Stonehouse Capital (Pty) Ltd

Any deviation from the requirements of this policy requires approval from the appropriate governance structures. The sophistication of this policy is appropriate to the nature, scale and complexity of the specific business area and risk concerned and will be adapted as the business and environment changes.

Throughout this document, any reference to “Liberty” shall mean any of the entities referred to above individually or collectively.

A full list of subsidiaries, associates and joint ventures in which Liberty holds an ownership interest at 31 December 2020 is provided in item 5.

## **3 Policy Statements**

In support of the principles of good corporate governance, Liberty also undertakes to conduct its business with integrity and due care complying with both the form and substance of the law as well as internal policies and related procedures.

### **3.1 Policy Statement 1: Identifying conflict of interest**

Liberty has developed the following processes to identify conflicts of interest:

- An analysis of all the sales and distribution areas within Liberty has taken place;

- 
- The types of financial interests received/offered have been identified and analysed;
  - Appropriate rules have been put in place around the receipt/offering of financial interests;
  - All remuneration models for representatives are required to be signed off by Group Compliance and Group Legal Services, as well as by the Liberty Group Intermediary Remuneration Committee and the management of the affected sales and distribution areas;
  - Remuneration for Providers is limited to regulated commissions and fees; and
  - Appropriate training has been developed to enable representatives to identify conflict of interest.

Annual reviews of these processes are included in Liberty's Risk and Compliance Monitoring Programme in order to ensure that any conflicts of interest that arise are identified.

These annual reviews include independent reviews of business practices and interviews with representatives in order to ascertain whether they receive financial interests from third parties.

### **3.2 Policy Statement 2: Measures for avoidance and disclosure**

Liberty's policy is to establish contractual relationships with its representatives, which prevents its representatives from placing business with other Providers unless Liberty's express consent has been given.

Liberty's policy is to provide specific training and educational material on how conflicts of interest may arise and how it can be avoided by all new representatives. Training is also provided to all existing representatives.

Where a conflict of interest cannot be avoided, Liberty'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 respective Business Unit Key Individuals.

All existing and potential clients have the right to ask his/her Liberty representative for further details regarding such disclosures. The client's rights (or potential rights) and the protection offered under the Code may not be waived.

Liberty's Group Compliance monitor all financial interests received by its representatives, as part of Liberty's overall compliance monitoring program. In addition, all financial interests offered to/received from Providers and third parties are monitored as part of Liberty's overall Risk and Compliance Monitoring Programme.

### **3.3 Policy Statement 3: Financial Interest**

#### **Independent Financial Advisers**

Liberty's policy is to offer and facilitate the payment of the following financial interests to Providers for providing services as an intermediary or for giving financial advice to a client:

- Regulated commission under the Long-term Insurance Act (No. 52 of 1998 – "the LTIA"); and
- Regulated commission under the Medical Schemes Act (No. 131 of 1998 – "the MSA").

Liberty's policy is further to facilitate fees specifically agreed to by a client in terms of a written mandate that a client may terminate in his/her discretion.

Liberty may also offer and facilitate certain immaterial financial interests to Providers as permitted in terms of the Code.

**Immaterial financial interest means:**

Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000.00 in any calendar year from the same third party received by:

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

Liberty has contractual relationships with other Providers, but Liberty's policy is not to receive anything other than the commissions and fees, listed above, permitted in terms of the Code.

**Representatives**

Liberty Group Limited's representatives and key individuals receive their remuneration, including commission from Liberty. Some representatives receive salaries, while other representatives receive commission and may receive various additional benefits which may include the following:

- Options to participate in a collective investment scheme with STANLIB or in a share incentive scheme with Liberty;
- Non- cash, Advisory fees, reimbursive allowances, provident fund, medical aid and similar benefits which Liberty may decide to pay from time to time.

The remuneration structure for each representative or key individual is determined by Liberty as aligned with the relevant legislative requirements and limitations.

Before these other benefits are paid, Liberty's policy is to take the following quantity and quality measures into account:

**SA Retail**

- 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).

**Direct Financial Services**

- The volume of business generated by the representative, measured by quantity and premium value.
- Persistence of the business written, measured by short and long-term lapse rates.
- The quality of the service to the customer, measured by the Key Performance Indicators in the representative's Performance Agreement.

**Business Development: Corporate**

- 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.
- The quality of the representative's advice and service to the client, measured by the Key Performance Indicators contained in the representative's Performance Agreement (i.e. appropriateness of financial advice provided as reflected by the Financial Needs Analysis that was done) and 360-degree peer reviews.

**3.4 Policy Statement 4: Prohibition of sign-on bonuses**

This policy provides that Liberty will not engage in the practice of offering sign-on bonuses as part of its recruitment strategies or as an incentive to become its representative or Provider in terms of the FAIS Act. The law prohibits offering a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider).

A 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 –
  - ii. (aa) potential or actual loss of any benefit including any form of income, or part thereof, or  
(bb) cost associated with the provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
  - iii. a loan, advance, credit facility or any other similar arrangement.

**4 Compliance and consequences of non-compliance**

The Group Chief Compliance Officer shall report on compliance with this policy.

**4.1 Non-compliance by employees**

All Liberty employees, irrespective of level of seniority, who do not comply with this policy, will be subject to Liberty's internal employee disciplinary procedures.

**4.2 Non-compliance by representatives**

All Liberty representatives, including contracted Providers who do not comply with this policy will be subject to the processes and procedures applicable to representatives under the FAIS Act.

**5 List of subsidiaries, associates and joint ventures in which Liberty holds an ownership interest at 31 December 2020.**

Liberty Holdings Limited holds an ownership interest in the following subsidiaries, associates and joint

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ventures (all shareholding is 100% unless indicated otherwise):

- Invest Fund Managers (Pty) Ltd (50% by LHL and 50% by SBGL)
- JHI Retail (Pty) Ltd (49%)
- Lexshell 615 Investments (Pty) Ltd
- Liberty General Insurance Uganda Limited (51%)
- Liberty Group Ltd its subsidiaries, associates and joint venture:
  - *Dotcoza (Pty) Ltd;*
  - *Frank Financial Services (Pty) Ltd;*
  - *Frank Life Ltd;*
  - *Friedshelf 940 (Pty) Ltd;*
  - *Hereford Financial Services (Pty) Ltd (20% B Class - associate);*
  - *Liberty Active Ltd;*
  - *Liberty Wealth Consultancy (Pty) Ltd;*
  - *Liberty Centre of Excellence (Pty) Ltd;*
  - *Liberty Linked Investment Platform (Pty) Ltd and its subsidiary:*
    - *Liberty Linked Investment Platform Nominees (RF) (Pty) Ltd*
  - *Liberty Growth Limited;*
  - *Liberty Propco (Pty) Ltd;*
  - *LPH Properties Ltd;*
  - *Liberty Reinsurance Limited;*
  - *Liberty Two Degrees Limited (58.46%) and its subsidiaries:*
    - *2 Degrees Properties (Pty) Ltd; and*
    - *STANLIB Reit Fund Managers (Pty) Ltd*
  - *Marder Holdings (Pty) Ltd (26% B Class - associate);*
  - *NMG Agency (49%);*
  - *Povilux (Pty) Ltd (26% B Class - associate);*
  - *Sandton Hotels (Pty) Ltd; and*
  - *The Financial Services Exchange (Pty) Ltd (33.3% - joint venture)*
- Liberty Group Properties (Pty) Ltd and its subsidiary:
  - *Liberty Properties Swaziland (Pty) Ltd*
- Liberty Health Administration (Pty) Ltd
- Liberty Health (Pty) Ltd and its subsidiaries:
  - *Liberty Blue Consultancy Ltd (Mozambique); and*
  - *Swan Reinsurance Protected Cell Captive (Mauritius)*
- Liberty Health Holdings (Pty) Ltd
- Liberty Holdco Nigeria Ltd
- Liberty Holdings Botswana (Pty) Ltd and its subsidiaries:
  - *Liberty General Botswana (Pty) Ltd;*
  - *Liberty Life Botswana (Pty) Ltd; and*
  - *STANLIB Investment Management Services (Pty) Ltd*

- Liberty Holdings Namibia (Pty) Ltd (75%) and its subsidiaries:
  - *Liberty Life Namibia Ltd and its subsidiaries:*
  - *Specialist Administration Services (Pty) Ltd;*
    - *United Funeral Insurance Ltd*
  - *Ripley's Insurance Limited*
  - *STANLIB Namibia (Pty) Ltd;*
  - *STANLIB Namibia Unit Trust Management Company Ltd; and*
  - *STANLIB Namibia Unlisted Investment Management (Pty) Ltd*
- Liberty Holdings Swaziland (Pty) Ltd and its subsidiary:
  - *STANLIB Swaziland (Pty) Ltd*
- Liberty Holdings Zambia Ltd and its subsidiaries:
  - *Liberty Properties Zambia Ltd; and*
  - *Liberty Life Insurance Zambia Ltd*
- Liberty Kenya Holdings Plc (57.74%) and its subsidiaries:
  - *CfC Investments Ltd;*
  - *Liberty Life Assurance Kenya Ltd; and*
  - *The Heritage Insurance Company Kenya Ltd and its subsidiary:*
    - *The Heritage Insurance Company Tanzania (60%)*
- Liberty Life Tanzania Limited (60%)
- Liberty Life Assurance Uganda Ltd (51%)
- Liberty Life Lesotho Ltd
- Liberty Life Swaziland Ltd (75% by LHL and 25% by LGL)
- Liberty Nominees (Pty) Ltd and its subsidiary:
  - *Liberty General Insurance Company Ltd (39% by LHL and 16% by LGL)*
- Mentenova (Pty) Ltd (60%)
- Mentenova Consultants and Actuaries (Pty) Ltd
- Mobilife Financial Services (Pty) Ltd (24.5%)
- Own Your Life Rewards (Pty) Ltd
- STANLIB Ltd and its subsidiaries:
  - *Corion Holdings (Pty) Ltd (31.3%)*
  - *Lodestone Holdings (Pty) Ltd and its subsidiary:*
    - *STANLIB Multi Manager Ltd*
  - *STANLIB Asset Management (Pty) Ltd and its subsidiaries:*
    - *Exeo Capital (Pty) Ltd (50%);*
    - *Exeo Capital (Pty) Ltd Mauritius (50%);*
    - *STANLIB Fund Managers Jersey Ltd;*
    - *STANLIB Infrastructure GP 1 (Pty) Ltd; and*

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- *STANLIB Infrastructure GP 2 (Pty) Ltd*

- *STANLIB Collective Investments RF;*
- *STANLIB Wealth Management (Pty) Ltd and its subsidiary:*
  - *STANLIB Wealth Management Nominees (Pty) Ltd*
- STANLIB Ghana Ltd;
- STANLIB Kenya Ltd;
- STANLIB Lesotho (Pty) Ltd (74.9%)
- STANLIB Property Development (Pty) Ltd;
- STANLIB Tanzania Ltd;
- STANLIB Uganda Ltd;
- Stonehouse Capital (Pty) Ltd its subsidiaries and its associates:
  - *Bay Wealth Management (Pty) Ltd (26% - associate);*
  - *EQ-Fin (Pty) Ltd;*
  - *Finmap Financial Services (Pty) Ltd (26% - associate);*
  - *Noble Private Portfolio (Pty) Ltd (26% - associate); and*
- Liberty Wealth Consultancy (Pty) Ltd
- Total Health Trust Ltd
- V-Innovation Administration Services (Pty) Ltd (70%)

## 6 Liberty's holding company

The Standard Bank Group Ltd has a 53.62% shareholding in Liberty Holdings Limited.

## 7 Responsibilities

Liberty has adopted a governance process that requires executive management to ensure compliance to this policy.

### 7.1 BU Managing Executives

Are accountable for ensuring compliance with this policy as an integral part of operations and risk management within their businesses.

### 7.2 Representatives and Key Individuals

- Representatives are required to familiarise themselves with the policy, undertake required training and adhere to the policy.
- Key Individuals 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.

### 7.3 Group Chief Compliance Officer

Is accountable for the maintenance of this policy within the context of changing business practices and a changing regulatory environment as well as monitoring and reporting of non-compliance to this policy.

## 8 Customer Relations Department

Existing and potential clients may also direct questions and complaints concerning the application of this policy to Liberty’s Customer Relations Department via the following e-mail address: [relations@liberty.co.za](mailto:relations@liberty.co.za).

## 9 Approval of this policy

Compliance Management Committee recommends the policy for approval by the Group Control and Risk Oversight Committee.

## 10 Related Information

This policy must be considered in conjunction with the policies listed below:

Type	Name	Description
Policy	Group Conflict of Interest Policy	The Group Conflict of Interests aims to prevent inappropriate employee behavior. The policy describes principles, accountabilities for reviewing, and implementing, monitoring and reporting conflicts of interests.
	Group Anti-Bribery and Corruption (ABC) Policy	This ABC Policy outlines the obligations and responsibilities required for compliance with Anti-Bribery and Corruption legislation. It includes principles for execution, monitoring, review and reporting.
	Business Conduct Policy	The policy establishes how business conduct risk will be dealt with and assists in embedding a customer centric culture applicable to both customer and market as a whole.

## 11 Policy Administration

Policy administrator

<b>Name</b>	Thiru Pillay
<b>Designation</b>	Group Chief Compliance Officer
<b>Department</b>	Group Compliance
<b>Phone number</b>	011 408 3221
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## Version information

Version	Date	Description of changes
1	28 February 2018	Updated the LHL Legal Entities.
2	February 2019	Updated the LHL Legal Entities.
2.1	May 2019	Updated the LHL Legal Entities. IFA replaced with Providers.
3	January 2020	Updated the LHL Legal Entities. Updated to include new amendments
4	February 2021	Updated the LHL Legal Entities Updated new amendments

## Review

Frequency of review	Next review date	Last review date
Annually	February 2022	February 2021