
CONFLICT OF INTEREST MANAGEMENT POLICY

(in terms of clause 3A (2)(a) of the General Code of Conduct under the Financial Advisory and Intermediary Services Act, 2002)

1. INTRODUCTION

In terms of clause 3(A)(2)(a) of the General Code of Conduct for Authorised Financial Services Providers and their Representatives of 2003, as amended by Board Notice 58 of 2010, Nedbank Private Wealth must adopt, maintain and implement a conflict of interest management policy.

In some instances the Nedbank Code of Conduct is stricter than the FAIS Conflict of Interests section and “vice a versa”. In these instances the stricter rule must be adhered to.

The Nedbank Code of Conduct must be read in conjunction with this policy at all times.

2. DEFINITIONS

2.1 The definitions used in the FAIS Act, the FAIS Act General Code of Conduct and the Nedbank Code of Conduct are brought forward into this policy as defined.

2.2 **“Nedbank Private Wealth”** means a trading entity which renders financial services through representatives employed by Nedgroup Private Wealth (Pty) Ltd (previously BoE (Pty) Ltd) (FSP 828) or Nedgroup Trust Ltd (which is a juristic person consumer of Nedgroup Private Wealth (Pty) Ltd.

2.3 **“ERCO”** means the Nedbank Private Wealth Enterprise Risk Committee.

2.4 **“FSP”** means financial services provider.

2.5 **“FAIS Act”** means the Financial Advisory and Intermediary Services Act, 2002.

2.6 **“FAIS Code”** means the General Code of Conduct under the FAIS Act.

2.7 **“Key Individual(s)”** means the person(s) appointed as key individuals under the FAIS Act.

3. POLICY PRINCIPLES

3.1 In rendering a financial service, the client’s interests must come before those of Nedbank Private Wealth and / or its representatives.

3.2 Where the interests of Nedbank Private Wealth and / or its representatives come before or prejudice the client’s interests, then a conflict of interest arises.

3.3 A conflict of interest must be dealt with in terms of this policy.

3.4 All potential or real conflict of interests must be declared on the Compliance Tool as soon as an employee becomes aware of it.

4. PERSONS TO WHICH THIS POLICY APPLIES

This policy applies to:

- 4.1 directors and officers of Nedbank Private Wealth, whether acting individually or collectively;
- 4.2 Nedbank Private Wealth key individuals as envisaged in the FAIS Act;
- 4.3 Nedbank Private Wealth representatives as envisaged in the FAIS; and
- 4.4 any person or collective of persons that can influence the activities of Nedbank Private Wealth.

5. MANAGEMENT OF CONFLICT OF INTEREST

PRINCIPLES

- 5.1 Nedbank Private Wealth and its representatives must identify and avoid conflicts of interest.
- 5.2 Where it is not possible to avoid a conflict of interest, a financial service may still be rendered to a client provided that the following requirements are met:
 - 5.2.1 the managing director and Compliance Officer of Nedbank Private Wealth have been informed of the conflict and they have signed off thereto;
 - 5.2.2 the client is informed in writing immediately before a transaction is concluded, or if not possible, soon thereafter, of the conflict of interest in sufficient detail to enable the client to understand the exact nature of the conflict of interest;
 - 5.2.3 the client is informed of the existence of this policy and how the client can access it free of charge;
 - 5.2.4 the client is informed in writing of the measures Nedbank Private Wealth or the representative will take in terms of the policy to mitigate the conflict; and
 - 5.2.5 the client is advised of his/her legal options.

PERMISSIBLE FINANCIAL INTERESTS

- 5.3 Nedbank Private Wealth or a representative shall be entitled to receive commission authorised under the Long-term Insurance Act 52 of 1998 or the Short-term Insurance Act 53 of 1998.
- 5.4 Nedbank Private Wealth or a representative shall be entitled to receive fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical

- Schemes Act 131 of 1998, if those fees are reasonably commensurate to a service being rendered.
- 5.5 Nedbank Private Wealth or a representative shall be entitled to receive fees for the rendering of a financial service in respect of which commission or fees referred to in 5.3 and 5.4 above are not paid, if those fees are specifically agreed to by a client in writing, and may be stopped at the discretion of that client.
- 5.6 Nedbank Private Wealth or a representative shall be entitled to receive (or offer) fees or remuneration for the rendering of a service to (or by) a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- 5.7 Nedbank Private Wealth or its representative shall be entitled to receive, subject to any other law and the provisions of this policy, an immaterial financial interest. (See further below.)
- 5.8 Nedbank Private Wealth or a representative shall be entitled to receive (or offer) a financial interest, not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by (or to) Nedbank Private Wealth or its representative at the time of receipt thereof.
- 5.9 The Compliance Officer shall monitor compliance with these provisions in quarterly FAIS Code monitoring procedures and, in conjunction with the financial officer of Nedbank Private Wealth, consider and certify to the FSB in the annual FAIS Act compliance report that the income of Nedbank Private Wealth for the calendar year was derived from fees and commissions earned in terms of the provisions of this clause. Should this not be the case, the managing director of Nedbank Private Wealth must be informed and the matter reported to the ERCO.

IMPERMISSIBLE FINANCIAL INTEREST

- 5.10 Nedbank Private Wealth shall not offer any financial interest to its representatives for giving preference to the quantity of business secured for it to the exclusion of the quality of the service rendered to clients.
- 5.11 Nedbank Private Wealth shall not offer any financial interest to its representatives for giving preference to a specific product supplier, where the representative may recommend more than one product supplier to a client.
- 5.12 Nedbank Private Wealth shall not offer any financial interest to its representatives for giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.
- 5.13 The managing director of Nedbank Private Wealth shall sign an annual declaration confirming that Nedbank Private Wealth does not offer impermissible financial interests

as envisaged in this clause and the Compliance Officer must report on this as provided for in 5.9 above.

IMMATERIAL FINANCIAL INTEREST

- 5.14 Notwithstanding the provisions of this policy, Nedbank Private Wealth and any of its representatives may receive or give an “immaterial financial interest” (as defined in the general code of conduct as a financial interest, (other than cash, accommodation or travel which are strictly prohibited) limited to R1000 per representative per year) on the following terms:
- 5.14.1 Receipt of such an immaterial financial interest by any representative of Nedbank Private Wealth must be linked to the entertainment of the Nedbank Private Wealth representative (e.g. sponsorship of meals, sporting events, corporate gifts etc) for the purposes of furthering any business relationship between Nedbank Private Wealth and another FSP, and
 - 5.14.2 Giving such an immaterial financial interest by any representative of Nedbank Private Wealth must be linked to the entertainment of another FSP’s representative (e.g. sponsorship of meals, sporting events, corporate gifts etc) for the purposes of furthering any business relationship between another FSP and Nedbank Private Wealth.
- 5.15 The representative of Nedbank Private Wealth must declare every such immaterial interest given or received by him/her on the Nedbank gifts register and ensure that the limit set in this policy is not exceeded for the period 19 October of one year to 18 October of the next year. The representative bears the responsibility to ensure that he/she does not exceed the limit set in this policy during this period.
- 5.16 The Compliance Officer must monitor compliance by checking the gifts register; eliminating gifts from clients and checking those remaining to ensure that they do not exceed the R1000 limit for immaterial financial interests.
- 5.17 The Compliance Officer must report on this as provided for in 5.9 above.
- 5.18 The receiving or giving of cash gifts are strictly prohibited.

TRAINING OFFERED BY OR TO OTHER FSPs OR PRODUCT SUPPLIERS

- 5.19 Notwithstanding the provisions of this policy, representatives may attend (or provide) training organised by (or for) any product supplier or third party FSPs provided that the training:
- 5.19.1 is not exclusively available to Nedbank Private Wealth (or the product suppliers or third party FSP) or its representatives;
 - 5.19.2 is on the products of the product supplier and legal matters relating to those products;

- 5.19.3 is on general financial and industry information;
- 5.19.4 is on specialised technology systems of BoE (or a third party) necessary for the rendering of a financial service;
- 5.19.5 a clear agenda or programme of the training is supplied to attendees at least a week before the training; and
- 5.19.6 does not include travel and accommodation associated with that training.
- 5.20 A representative of Nedbank Private Wealth must declare on Learnertrax all training which Nedbank Private Wealth representatives were invited to attend (or which was provided during) the period 19 October of one year to 18 October of the next year.
- 5.21 The Compliance Officer shall monitor compliance with these provisions in quarterly FAIS Code monitoring procedures and report accordingly to the FSB in the annual FAIS Act compliance report. The report shall include a declaration from the Compliance Officer that;
- 5.21.1.1 In the case of training offered to representatives of other FSPs, that:
- the training was not available exclusively to that other FSP's representatives,
 - it was on the matters referred to in 5.19 above, and
 - Nedbank Private Wealth did not pay for the travel and accommodation expenses of that other FSP's representatives to attend the training.
- 5.21.2 In the case of training offered to representatives of Nedbank Private Wealth by other FSPs, that
- 5.21.2.1 the training was not available exclusively to Nedbank Private Wealth's employees,
- 5.21.2.2 is / was on the matters referred to in 5.19 above, and
- 5.21.2.3 the organisers of the training did not pay for the travel and accommodation expenses of Nedbank Private Wealth representatives to attend the training.
- 5.22 Any representative who is invited to attend training by a product supplier must notify the compliance officer who must satisfy himself/herself that the training complies with the provisions of this policy.

6. LIST OF ASSOCIATES AND OWNERSHIP INTERESTS

- 6.1 In terms of the Code, this policy must include a list of all the associates and ownership interests, as defined, of Nedbank Private Wealth - refer to Nedbank Private Wealth organogram attached.

7. STAFF TRAINING, POLICY MONITORING AND COMPLIANCE

- 7.1 The Compliance Officer of Nedbank Private Wealth shall ensure that all representatives are provided appropriate training and educational material at least annually on the contents of this policy.
- 7.2 Nedbank Private Wealth must publish this policy in its website and other media, as Nedbank Private Wealth may from time to time determine, to make it accessible for public inspection at all reasonable times.
- 7.3 The Compliance Officer of Nedbank Private Wealth shall:
- 7.3.1 Monitor compliance with this policy monthly by extracting reports off the Nedbank gifts register to check declarations by representatives and shall cross reference these reports to verbal confirmation from the representatives concerned that the aggregate sum of any financial interest given to representatives of other FSPs does not exceed the prescribed annual amount for immaterial financial interests.
 - 7.3.2 report monthly to the MANCO under authorisation of the board of directors, and
 - 7.3.3 quarterly to the ERCO, on the implementation, monitoring and compliance contraventions of this policy
- 7.4 The Compliance Officer of Nedbank Private Wealth must include the report referred to above in the annual compliance reports sent to the Financial Services Board.
- 7.5 Notwithstanding the provisions of this policy, the ultimate responsibility to identify non-compliance and enforce compliance with this policy shall remain with the Key Individuals of Nedbank Private Wealth.

8. CONTRAVENTION OF THIS POLICY

- 8.1 Every employee of the Group is required to know, understand and comply with the standards outlined in this policy, the Code of Business Ethics and Code of Conduct. Anyone who violates the policy and/or the Code of Conduct will be subject to Nedbank's Disciplinary policy and Procedure as well as the Nedbank Grievance policy and Procedure.
- 8.2 Non-compliance with this policy and the Code of Conduct and the procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that could lead to dismissal.
- 8.3 Any employee must immediately report any unethical behaviour, fraud, corruption, theft or other similar illegal behaviour that is suspected or discovered. Any such activity should be reported immediately to line management, except where line management itself is suspected of involvement. In this instance, it should be reported to Group

Forensic Services via the Group Risk Reporting Line. Failure to do so may result in disciplinary action, depending on circumstances. Line management is responsible for reporting all instances of suspected or discovered fraud or corruption to Group Forensic Services via the Group Risk Reporting Line (details of which are recorded on the Group Forensic Services website).

9. PUBLICATION

- 9.1 Nedbank Private Wealth must publish this policy in appropriate media for public inspection. (In this respect, Nedbank Private Wealth is guided by the Nedbank Group policy.)
- 9.2 A copy of this policy must be made available on Nedbank Private Wealth's public website and all clients must be notified by personal communication of the existence of this policy.

This Conflict of Interest Management policy was adopted by round robin resolution of the Board of Directors of Nedgroup Private Wealth (Pty) Ltd (previously BoE (Pty) Ltd) on 28 August 2011.

ORGANOGRAM OF COMPANIES COMPRISING NEDBANK PRIVATE WEALTH (effective 22 October 2012)

