



ACCREDITNET

THE EXTRA DIMENSION IN FINANCIAL SERVICES

CONFLICT OF INTEREST MANAGEMENT POLICY

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1. INTRODUCTION

The General Code of Conduct for Authorised Financial Services Providers (“**GCOC**”) places a general duty on all FSPs to render financial services honestly, fairly, with due skill, care, and diligence, and in the interest of clients and the integrity of the financial services industry, at all times.

More specifically, it is required that a FSP and its representatives, when rendering financial services, must avoid and where this is not possible mitigate any Conflict of Interest between the FSP, its representatives and a client - Section **3(1)(b)**.

Furthermore, Section **3A(2)(a)** of the GCOC, requires that every FSP must adopt, maintain and implement a Conflict of Interest Management Policy.

Accredinet Financial Solutions (Pty) Ltd (hereinafter “**the FSP**”) is an Authorised Financial Services Provider (FSP 8933), providing advisory and intermediary services, as defined in the FAIS Act, to its clients, in respect of the following Category I Financial Products:

- Long-term Insurance Category A
- Short-Term Insurance Personal Lines and Personal Lines A1
- Long-Term Insurance Category B1, B1-A, B2 and B2-A
- Long-Term Insurance Category C
- Retail Pension Benefits
- Pension Funds Benefits
- Shares
- Debentures and securitised debt
- Participatory interests in Collective Investment Schemes
- Health Service Benefits
- Long-term Deposits
- Short-term Deposits

Being an authorised FSP, Accredinet is potentially exposed to Conflicts of Interest and therefore needs to adhere to these requirements. This document embodies the **Conflict of Interest Management Policy** (hereinafter “**this Policy**”) of the FSP.

The FSP is committed to not treat any client unfairly and therefore this Policy is based on the fundamental principle that no individual employed or contracted by the FSP should ever sacrifice their integrity, perform

duties, render services or act in any manner where they do so for own benefit and to the actual or potential detriment of the FSP, a client or any other person.

The KIs, Representatives and employees (where applicable) of the FSP must be able to identify a situation where there may be a Conflict between their own Interest and that of the FSP or a client and will receive training to create awareness of the content of this Policy.

Hereinafter, for the purposes of this Policy, “**the Individual/s**” will include the Key Individual/s, Representative/s and / or employee/s (where applicable) of the FSP (employed or contracted), unless the context clearly indicates otherwise.

2. PURPOSE OF THE POLICY

The purpose of this Policy is to provide guidance to the Individuals whenever they are confronted with a potential or actual Conflict of Interest. It serves to clarify what constitutes a Conflict of Interest, as well as measures taken to avoid or mitigate such Conflict of Interest.

To adhere to this requirement, adequate arrangements and reasonable steps need to be in place to effectively manage any actual or potential Conflicts of Interest that may arise.

This Policy establishes in accordance with Section **3A(2)(b)(i)**:

- internal controls and mechanisms towards the identification of Conflicts of Interest
- measures to avoid Conflicts of Interest, and where avoidance is not possible, to provide the reasons therefore
- measures to ensure that any unavoidable Conflicts of Interest are mitigated
- measures to ensure the proper disclosure of any Conflicts of Interest
- establish processes, procedures, and internal controls to facilitate compliance with this Policy
- communicate the consequences of non-compliance with this Policy.

3. DEFINITION OF CONFLICT OF INTEREST

General Definition

Conflict of Interest involves a person to perform their duties, sell their skills or act in any manner where they do so for own benefit (interest) and to the actual or potential detriment of their employer, client, or any other person. Examples are competing with your employer or selling a specific product because there is a hidden benefit for the seller, such as a kickback or undisclosed commission.

Definition in Financial Services Industry

Conflict of Interest is a situation in which financial or other personal considerations have the potential to compromise advice given, services rendered or influence professional judgment and objectivity.

Definition in GCOC

Conflict of Interest is any situation in which the Individual 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 the Individual 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 –
 - a **financial interest**;
 - an **ownership interest**;
 - any relationship with a **third party**.

The actual or potential existence of a Conflict of Interest in itself, may not be an undesirable practice but it is imperative to properly disclose the nature and monetary value of such a Conflict of Interest to a client at the earliest reasonable opportunity. Full disclosure allows a client to decide whether the advice given, or services rendered may be flawed or influenced unduly.

4. DEFINITIONS OF CONCEPTS AS CONTAINED IN THE GCOC

Unless the context clearly indicates otherwise, the following definitions shall have the meanings for purposes of this Policy:

Associate

- in relation to a natural person, means –
 - a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
 - a child of that person, including a stepchild, adopted child and a child born out of wedlock;
 - a parent or stepparent of that person;
 - a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
 - person who is the spouse, life partner / civil union partner of a person referred to above;
 - a person who is in a commercial partnership with that person.
 -

- in relation to a juristic person –
 - which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;
 - which is a close corporation, means any member thereof;
 - which is not a company, or a close corporation as referred to above, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person –
 - had such first-mentioned juristic person been a company; or
 - in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
 - means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.
- in relation to any person –
 - means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
 - includes any trust controlled or administered by that person.

Distribution Channel

- Any arrangement between a product supplier (or any of its **associates**) and one (1) or more FSPs (or any of its **associates**) in terms of which arrangement support or a service is provided **to** the FSP/s in rendering a financial service to a client.
- Any arrangement between two (2) or more FSPs (or any of their **associates**), which arrangement facilitates, supports, or enhances a relationship between the FSP/s and a product supplier.
- Any arrangement between two (2) or more product suppliers (or any of their associates), which arrangement facilitates, supports, or enhances a relationship **between** an FSP/s and a product supplier.

Financial Interest

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

- an **ownership interest**;
- training, that is not exclusively available to a selected group of FSPs or representatives, on -
 - products and legal matters relating to those products;
 - general financial and industry information;

- specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;
- a qualifying enterprise development contribution to a qualifying beneficiary entity by a FSP that is a measured entity.

Immaterial financial interest

Any **financial interest** with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same **third party** in that calendar year received by –

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

Ownership Interest

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

Third Party

Includes -

- a product supplier
- another FSP
- an **associate** of a product supplier or an FSP
- a **distribution channel**
- any person who in terms of an agreement or arrangement with a person referred to above provides a **financial interest** to a FSP or its representatives.

5. APPLICATION OF THE DEFINITION OF CONFLICT OF INTEREST

In determining whether there is or may be a Conflict of Interest to which the policy applies, the FSP should consider whether there is a material risk of damage to the client, taking into account whether the Individual –

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

- has a financial or other incentive to favour the interest of another client, group of clients or any other **third party** over the interests of the client;
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods, or services, other than the legislated commission or reasonable fee for that service.

This policy defines **possible** Conflict of Interest as, amongst others:

- Conflict of Interest between the FSP and the client.
- Conflict of Interest between our clients if we are acting for different clients and the different interests Conflict materially.
- Conflict of Interest where **associates**, product suppliers, **distribution channels** or any other **third party** is involved in the rendering of a financial service to a client.
- Holding confidential information on clients which, if we would disclose or use, would affect the services provided to clients.

To assist the Individual with the identification of an actual or potential Conflict of Interest, he / she must follow the steps below.

STEP 1:

Prior to entering into a business relationship with a client and throughout the process of rendering financial services to a client, they must apply their mind to answering the following questions:

- Is there any situation that exists that influences the objective performance of my obligations to the client?
- Is there any situation that exists that prevents me from rendering unbiased and fair financial services to the client?
- Is there any situation that exists that prevents me from acting in the best interest of the client?

STEP 2:

- If the answer to all three (3) questions in Step 1 is “**No**”, no further action would be required.
- If the answer to any of the three (3) questions in Step 1 is “**Yes**”, the Individual should proceed to Step 3 and answer the two (2) questions.

STEP 3:

- Is the situation caused as a result of an actual or potential relationship with a **third party**?
- Is the situation caused by an actual or potential **financial** or **ownership interest**?

STEP 4:

- If the answer to both questions in Step 3 is “**No**”, further investigation into the reasons for answering “**Yes**” in Step 1 must be done and possible solutions to avoid or mitigate the Conflict of Interest must be determined.
- If the answer to any of the questions in Step 3 is “**Yes**”, an actual or potential Conflict of Interest will have been identified, which is not limited to a **financial** or **ownership interest**. The Individual must proceed to the steps stipulated in **Section 8** of this Policy (AVOIDING AND MITIGATING A CONFLICT OF INTEREST).

6. REGULATORY REQUIREMENTS IN RESPECT OF DISCLOSURES

The GCOC requires that when the Individual renders a financial service to a client, any Conflict of Interest in respect of that client must be disclosed. It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing Conflict of Interest.

The FSP is therefore committed to ensure that clients are fully informed about actual or potential Conflicts of Interest in relation to the rendering of financial services and has implemented the following disclosure measures in respect of Conflict of Interest.

The Individual must, in writing, at the earliest reasonable opportunity disclose to a client -

- any Conflict of Interest in respect of that client, including –
 - the measures taken, in accordance with this Policy to avoid or mitigate the Conflict;
 - any **ownership interest** or **financial interest**, other than an **immaterial financial interest**, that he / she 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 a client to enable the client to understand the exact nature of the relationship or arrangement and the Conflict of Interest.
- the existence this Policy and how it may be accessed.
- details of the relationship with product suppliers –
 - where the FSP or the Individual holds 10% or more shares in that product supplier;
 - where the FSP or the Individual received more than 30% of its remuneration from one product supplier over a 12-month period.
- where applicable, full and appropriate information of the nature, extent and frequency of any incentive, remuneration, consideration which will or may become payable to him / her, directly or indirectly, by any product supplier or any person other than the client, or for which he / she may become eligible, as a result of rendering the financial service.

7. REGULATORY REQUIREMENTS IN RESPECT OF REMUNERATION

GCOC – Section 3(1)(vii)

When the FSP or the Individual renders a financial service, they must disclose to a client all amounts, sums, values, charges, fees, remuneration or monetary obligations payable to the FSP or the Individual, and it must be in specific monetary terms. If it is not possible to determine the exact amount, the basis of calculation must be adequately described.

GCOC - Section 3A (1)(a)

The FSP or the Individual may only receive the following **financial interest** from or to a **third party** –

- commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
- commission authorised under the Medical Schemes Act, 1998 (Act No. 131 of 1998);
- fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998), the Short-term Insurance Act, 1998 (Act No. 53 of 1998) or the Medical Schemes Act, 1998 (Act No. 131 of 1998);
- fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph (i), (ii) or (iii) is not paid, 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 the Individual in exchange for the fees are specifically agreed to by a client in writing; and
 - those fees may be stopped at the discretion of that client;
- fees or remuneration for the rendering of a service to a **third party**;
- subject to any other law, an **immaterial financial interest**; and
- 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 that FSP or the Individual at the time of receipt thereof.

GCOC - Section 3A (1)(b)(i)

The FSP may not offer any financial interest to the Individual that is determined with reference to the quantity of business secured for the FSP without also giving due regard to the delivery of fair outcomes for clients.

GCOC – Section 3A (1)(d)(i – iv)

The FSP or the Individual may only receive fees authorised under the Long-term Insurance Act, 1998 if –

- those fees are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it.

- the payment of those fees does not result in the FSP or the Individual 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.
- the payment of those fees does not impede the delivery of fair outcomes to clients.

GCOC - Section 3A (2)(b)(ii)

The FSP must specify the type of **financial interest** it will offer and the basis on which **the Individual** will be entitled to such a **financial interest** and motivate how that **financial interest** complies with the Conflict of Interest requirements.

The FSP is committed to ensure that it complies with all the relevant regulatory requirements in respect of remuneration and has implemented a 'Remuneration Policy' which details how the FSP and the Individual/s are remunerated for the rendering of financial services.

8. AVOIDING AND MITIGATING A CONFLICT OF INTEREST

Once an actual or potential Conflict of Interest has been identified, the steps below must be followed.

STEP 1:

Determine whether the actual or potential Conflict of Interest is avoidable.

- The **Responsible Person** and the Key Individual/s must convene and evaluate the actual or potential Conflict of Interest in an open, honest, and objective manner.
- All the information that's led up to and resulting in or causing the actual or potential Conflict of Interest must be disclosed to the FSP's External Compliance Officer.
- It must be determined whether the FSP is in a position to avoid the actual or potential Conflict of Interest.
- During the evaluation process, the following possible outcomes must be considered prior to a finding in favour of unavoidability:
 - The possible negative impact it will have on the FSP's clients where the actual or potential Conflict of Interest is deemed to be unavoidable.
 - The possible negative impact it will have on the integrity of the financial services industry where the actual or potential Conflict of Interest is deemed to be unavoidable.

STEP 2:

Where it has been determined that the actual or potential Conflict of Interest is in fact avoidable, the following processes must be followed:

- The **Responsible Person** and the Key Individual/s must approve the removal of the underlying cause or situation that resulted in the actual or potential Conflict of Interest.
- The underlying cause or situation must be removed as soon as reasonably possible.
- Any immediate negative impact or prejudice towards clients pending the removal of the actual or potential Conflict of Interest must be kept to a minimum.
- The reasons why the actual or potential Conflict of Interest was determined to be avoidable together with the interventions as it pertains to the avoidance, must be recorded in the FSP's Conflict of Interest Register and stored securely.
- Similar circumstances that have led up to the actual or potential Conflict of Interest must be avoided in the future as far as reasonably possible.

STEP 3:

Where it has been determined that the actual or potential Conflict of Interest is unavoidable, the following processes must be followed:

- The **Responsible Person** and the Key Individual together with the External Compliance Officer must convene and determine the measures that will be implemented to mitigate the actual or potential Conflict of Interest as far as reasonably possible.
- The reasons why the actual or potential Conflict of Interest was determined to be unavoidable must be recorded in the FSP's Conflict of Interest Register and stored securely.

STEP 4:

The measures implemented to mitigate actual or potential Conflicts of Interest will include the following arrangements:

- The status of whether the actual or potential Conflicts of Interest is still deemed to be unavoidable shall be reassessed on a continuous basis.
- Where a previously deemed unavoidable actual or potential Conflict of Interest is subsequently deemed to be avoidable, such actual or potential Conflict of Interest shall immediately be avoided.
- The rendering of financial services must be conducted to the best interest of the client, as far as this is possible, given the unavoidability of the actual or potential Conflict of Interest.
- All the Individuals must be notified of any actual or potential Conflict of Interest as well as the reasons for its unavoidability.
- When rendering a financial service, the Individuals shall be required to disclose to the client in writing that an actual or potential Conflict of Interest exist.

- The FSP and/or the External Compliance Officer shall report on the status of the actual or potential Conflict of Interest in the FSP's compliance report to be submitted to the Financial Sector Conduct Authority (FSCA).

9. INTERNAL CONTROL MEASURES

In terms of **Section 3A(2)(b)(i)(dd)** of the GCOC, processes, procedures and internal controls must be provided for to facilitate compliance with this Policy.

The processes associated with the implementation and continued compliance with this Policy must be performed by the **Responsible Person** and the Key Individual/s of the FSP. And the FSP's External Compliance Officer will monitor the FSP's compliance with this Policy on an ongoing basis.

The FSP has adopted the following internal controls and processes:

- The **Responsible Person** and the Key Individual/s shall ensure that –
 - this Policy is kept up to date and saved securely;
 - all relevant Individuals read this Policy and understand their duties in respect thereof;
 - all Individuals, and where appropriate, **associates** are made aware of the contents of this Policy and understand their duties in respect thereof;
 - training and educational material is provided where deemed appropriate.
- Where an Individual have any concerns whether or not an actual or potential Conflict of Interest might arise in a particular situation, he / she will be required to refer their concern to the FSP's **Responsible Person** who will escalate it to the Key Individual and External Compliance Officer, if necessary.
- The **Responsible Person** shall ensure that -
 - the list of all the FSP's **associates** (if applicable) is annexed to this Policy and that a review of the list shall be conducted annually;
 - a list of all the **third parties** in which the FSP holds an **ownership interest** (if applicable) is annexed to this Policy and that a review of the list shall be conducted annually;
 - a list of all **third parties** that holds an **ownership interest** in the FSP (if applicable) is annexed to this Policy and that a review of the list shall be conducted annually.
- The **Responsible Person** shall continue to maintain a Gift Register and shall ensure that all gifts received from a **third party** with an estimated value of R1000 or more are recorded in this Register.
- The **Responsible Person** shall ensure that proper disclosures are made to the Client regarding actual or potential Conflicts of Interest.
- This Policy shall be regularly reviewed by the FSP and the External Compliance Officer, and where necessary, updated to ensure that the measures contained herein remains effective.

- The **Responsible Person** shall publish this Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

10. INTERNAL CONFLICT OF INTEREST

Internal Conflict of Interest includes any situation where the Individual is placed in a situation where he / she competes with the FSP.

Examples are:

- The Individual may gain or benefit from a situation at the expense of the FSP.
- Where an interest in a contract is not disclosed.
- The Individual has an interest in a company that competes with the FSP.
- The Individual has an interest in a contract between the FSP and a product supplier.
- The Individual may be in a position where he / she may take or influence a decision to his / her advantage, such as obtaining a loan from the FSP or award a contract.

The FSP requires good faith from the Key Individual/s, Representative/s and / or employee/s (where applicable) and any actual or potential Conflict of Interest should be disclosed.

11. RECEIPT OF GIFTS

To eradicate any grey areas relating to the receipt of gifts, the FSP has adopted a policy setting a threshold amount over which all gifts received in the line of duty have to be reported and recorded in a register. Gifts include money, sponsorships, goods, tickets to events, free or partly paid holidays, rebates, etc. All gifts given and received, irrespective of the value thereof should be reported and entered into the relevant registers

Records are kept in a register that is retained by the **Responsible Person**. This reporting duty extends to all gifts offered in the line of duty, even if the person declines such a gift. Gifts that are given at festive times may for instance be innocent, but other gifts from suppliers or prospective suppliers should be viewed with caution.

The FSP may investigate any gift reported to ascertain from a risk perspective, whether there was any basis for providing the Individual with such a gift, taking into account whether the recipient of the gift is in a position to do something or cause something not to be done or to influence a decision or grant a contract or purchase something.

The guideline used is therefore whether there is some form of giving something in return for something else, irrespective of whether there is a time gap between the two events and whether the relative values of

the gift and the benefit differs significantly. It is expected of all the Individuals to take these guidelines into account when any gift is offered.

12. CONSEQUENCES OF NON-COMPLIANCE

Where there is reason to believe that an Individual has failed to disclose an actual or potential Conflict of Interest via the proper communication channels, the FSP will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by the FSP, its clients or any other **third party**.

Where an investigation concludes that the Individual has indeed failed to disclose an actual or potential Conflict of Interest, the FSP shall immediately take appropriate disciplinary steps and corrective actions against such a person.

The FSP and the Individuals may under no circumstance avoid, limit, or circumvent or attempt to avoid, limit, or circumvent compliance with this Policy and any of the provisions thereof, through an **associate** or an arrangement involving an **associate**.

Any failure by an Individual to comply with this Policy will be considered a serious form of misconduct, a contravention of the FAIS Act, which is a dismissible offence, and might lead to Debarment.

13. OWNERSHIP & RESPONSIBLE PERSON

This Policy is owned by Accredinet Financial Solutions (Pty) Ltd and is approved by the board of directors, senior management and the Key Individual.

It will be updated, and new measures instituted should there be changes in legislation or in the FSP's operations, that affects this Policy. Legislative changes will be communicated by the FSCA, regulatory authorities and / or the external Compliance Officer.

To ensure compliance with the Conflict of Interest regulations the FSP has appointed a **Responsible Person** who will ensure the implementation and maintenance of this Policy.

RESPONSIBLE PERSON
Mr. Nico van Heerden Contact no: 012 991 9600 Email: nico@4d.co.za Position in the FSP: Key Individual

The **Responsible Person** shall:

- Maintain all registers associated with this Policy.
- Ensure that the Individuals adhere to this Policy's prescriptions and methodologies.
- Update this Policy when necessary and ensure proper communication thereof to all existing and new Individuals.

Declaration by Responsible Person:

I understand that I am ultimately responsible for effective Conflict of Interest management and the implementation of this Policy.

I will ensure that the FSP remains true to its commitments and undertakings in this Policy and that this Policy will be maintained, reviewed, and updated on a regular basis.



Signature

17/05/2023

Date