



---

## **CONFLICT OF INTEREST MANAGEMENT POLICY**

Crede Capital Partners FSP 46762  
Crede Power and Infrastructure FSP 47016

Collectively referred to as Crede FSPs

---

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	2
A. INTRODUCTION .....	3
B. FINANCIAL INTEREST .....	3
C. MECHANISMS FOR IDENTIFYING COI.....	4
D. RESOLVING COI.....	5
E. POTENTIAL COI THAT COULD AFFECT CREDE FSPs.....	6
F. MEASURES TO AVOID COI: .....	6
G. DISCLOSURE OF COI: .....	8
H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY .....	9
I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES.....	11
J. LIST OF ALL CREDE FSPs ASSOCIATES .....	11
K. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST .....	11
L. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER .	12
M. INCLUDE THE NATURE AND EXTENT OF THE OWNERSHIP INTEREST REFERRED TO IN PARAGRAPHS K AND L .....	12
ANNEXURE A - FINANCIAL INTEREST .....	12
ANNEXURE B - GIFTS REGISTRY .....	14

## **A. INTRODUCTION**

1. This document embodies the Conflict of Interest Management Policy for Crede FSPs.
2. "Conflict of interest" means any situation in which Crede FSPs 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 Crede FSPs 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.)
3. The primary objectives of this Policy are:
  - i. To provide guidance on the behaviors expected in accordance with Crede FSPs standards;
  - ii. To promote transparency and to avoid business-related COI;
  - iii. To ensure fairness in the interests of employees and Crede FSPs;
  - iv. To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
  - v. To provide a mechanism for the objective review of personal outside interests.
4. Crede FSPs are committed to ensuring that all business is conducted in accordance with good business practice. To this end Crede FSPs conduct business in an ethical and equitable manner and in a way, that safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (COI). Crede FSPs and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Crede FSPs and a client or its representative and a client.

## **B. FINANCIAL INTEREST**

1. Crede FSPs or its representatives may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers from time to time, and as set out in Annexure A hereto.

2. "Financial interest" means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –
  - i. an ownership interest
  - ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized technological systems of a third-party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
3. Crede FSPs may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR giving preference to a specific 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 supplier to a client.

#### **C. MECHANISMS FOR IDENTIFYING COI**

1. Due to the intangible nature of an actual or potential conflict of interest, any such manifestation will only be identified once the subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid whenever possible an actual or potential conflict of interest is therefore, to a large extent, dependent on whether a particular individual believe or perceive a conflict of interest to begin with. It is for this reason that the Key Individuals must apply honest and sage judgement whenever confronted with a situation that may give rise to an actual or potential conflict of interest.

The mechanisms implemented to identify actual or potential conflict of interest for the FSP are:

- The governing body of the FSP conducts quarterly reviews on all contracts held with 3rd parties and re-examines whether this relationship influences the FSP's objective performance towards its clients.
- The governing body of the FSP conducts quarterly reviews on all contracts held with 3rd parties and re-examines whether this relationship influences the FSP's ability to render fair and unbiased financial services towards its clients.
- The governing body of the FSP conducts quarterly reviews on all contracts held with 3rd parties and re-examines whether this relationship influences the FSP's ability to act in the interest of the client.

- The governing body of the FSP conducts quarterly reviews on all relationships held with 3rd parties, whether an ownership interest is present, and re-examines whether this relationship influences the FSPs objective performance towards the clients.
- The governing body of the FSP conducts quarterly reviews of all relationships held with 3rd parties, where an ownership interest is present, and re-examines whether this relationship influences the FSP's ability to render fair and unbiased financial services towards its clients.
- Declarations are signed by all Key Individuals confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis.
- A list of all the FSP's associates is listed and is updated annually.
- A list of all parties in which the FSP holds an ownership interest are listed and is updated annually.
- A list of all third parties that holds an ownership interest in the FSP are listed and is updated annually.
- All gifts received from 3rd parties, with an estimated value of R50 or more, are recorded in the FSP's gift register which is kept on the FSP's compliance file.
- All employees must disclose in writing to the governing body of the FSP on an on-going basis, any conflicts of interest that they may become aware of.
- All records associated with the identification of an actual or potential conflict of interests is kept on the compliance file which is available for inspection purposes

The mechanisms implemented to identify actual or potential conflicts of interest for Representatives are:

- Declarations are signed by all Representatives confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis.
- All Representatives must disclose in writing to the governing body of the FSP on an on-going basis, nay conflicts of interest that they may become aware of.

#### **D. RESOLVING COI**

1. The first and most important line of defense against COI or commitment must be by the key individuals and representatives themselves. If the governing body of the FSP has determined that the actual or potential conflict of interest is unavoidable, the following mitigation processes must be adhered to:
  - The governing body of the FSP will convene and review an appropriate mitigation process given the unavoidability of the particular set of circumstances
  - The reason(s) why the actual or potential conflict of interest is considered to be unavoidable must be recorded and kept on the compliance file

- The FSP's compliance officer must be made aware of the conflict's unavailability as well as the reasons for such said unavailability.
- The mitigation process will include the adoption of the following measures:
  - The actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the unavailability of the actual or potential conflict of interest.
  - Alternative arrangements to a proposed transaction, contract or arrangement that is the subject of the conflict of interest must be investigated on a continuous basis.
  - The rendering of the financial services must at all times be conducted as to the best interest of the client (in as far as this is possible, given the unavailability of the actual or potential conflict of interest)
  - All representatives must be made aware of the actual or potential conflict of interest, and the reasons for this unavailability
  - Full disclosure of the actual or potential conflict of interest must be made to the client at the earliest reasonable opportunity
  - Full disclosure of the actual or potential conflict of interest must be made to the Financial Service Board during the FSP's annual compliance report.

#### **E. POTENTIAL COI THAT COULD AFFECT CREDE FSPs**

1. The following are potential COI that could affect Crede Fund Managers Pty Ltd
  - i. Directorships or other employment;
  - ii. interests in business enterprises or professional practices;
  - iii. share ownership;
  - iv. beneficial interests in trusts;
  - v. personal Account Trading;
  - vi. professional associations or relationships with other organizations;
  - vii. personal associations with other groups or organizations, or family relationships;
  - viii. Front running;
  - ix. Rebates;
  - x. Kickbacks; and
  - xi. Commission

#### **F. MEASURES TO AVOID COI:**

2. Once an actual or potential conflict of interest has been identified the following measures will be followed in order to determine whether the conflict of interest is avoidable:
  - The governing body of the FSP will convene and review the actual or potential conflict of interest in an open and honest forum.

- All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties.
- All information surrounding the actual or potential conflict of interest must be disclosed to the FSP's Compliance Officer.
- The following consequences must be considered during the review process:
  - The consequences of such avoidance and unavailability as well as the subsequent negative impact it will have on clients.
  - The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry
  - The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the FSP
- The governing body of the FSP must apply its mind whether the FSP can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction, contract or other arrangement is not reasonably attained under circumstances that would not give rise to a conflict of interest, the governing body of the FSP shall determine by majority vote whether the transaction, contract or arrangement is in the best interest of the FSP and any affected clients and accordingly make its decision as to whether to enter into the transaction., contract or arrangement in conformity with such determination.

If the governing body of the FSP has determined that the actual or potential conflict of interest is avoidable, the following processes must be adhered to:

- The governing body must approve, by a majority vote, the removal of the underlying cause of the actual or potential conflict of interest
- The underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible.
- Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum
- The reasons (s) why the actual or potential conflict of interest was determined to be avoidable must be recorded
- All determination and interventions as it pertains to the avoidance of the conflict of interest must be documented and kept on the compliance file
- Similar situations *that give rise to actual or potential conflict of interest must be avoided in the future*

## **G. DISCLOSURE OF COI:**

1. At the earliest reasonable opportunity, Crede FSPs and its representative must, in writing, disclose to a client any COI in respect of that client including –
  - i. Measures taken to avoid or mitigate the conflict;
  - ii. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
  - iii. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
2. At the earliest reasonable opportunity, Crede FSPs and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
3. Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.
4. In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Crede FSPs.
5. Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.
6. On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosure processes will be implemented on behalf of the FSP.
  - Full disclosure of the actual or potential conflict of interest must be made to all the Key Individuals of the FSP and where such information is provided orally, the FSP must confirm such information in writing within 30 days.
  - Full disclosure of the actual or potential conflict of interest must be made to all representatives of the FSP.
  - Full disclosure of the actual or potential conflict of interest must be made to the compliance officer of the FSP.
7. On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosure processes will be implemented on behalf of the client:
  - Full disclosure of the actual or potential must be made to the client at the earliest reasonable opportunity

- The disclosure must be made before or when the financial service is provided, but in any cases at a time that allows the client a reasonable time to assess its effect
- The disclosure must be formulated in such a way as to be considered prominent, specific and meaningful to the client
- The disclosure must be made in such a way as to allow the client to make an informed decision as to whether to continue with the financial services
- The disclosure must be indicated, the nature of the relationship or arrangement with the 3<sup>rd</sup> party that gives rise to the conflict of interest
- The disclosure must indicate whether the conflict of interest is based on a financial and/or ownership interest
- The disclosure must indicate any ownership interest held with a product supplier in accordance with General Code of Conduct.
- Where the disclosure is provided orally, the disclosure must be confirmed in writing within 30 days of such said disclosure
- The written disclosure must be communicated by hardcopy, telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form.
- The written confirmation of the disclosure must be provided by means of standard forms or format, in a clear and readable print size, spacing and format
- The reasons for the conflict of interest's unavoidability must be made available to the client on request
- The conflict of interest policy must be made available to the client on request
- The FSP's gift register must be made available to the client on request.

#### **H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY**

1. Every staff member must have a copy of the Conflicts of interest Management Policy.
2. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.
3. The process associated with the implementation and continued compliance of the conflict of interest management policy must be performed by the governing body of the FSP as well as the appointed Compliance Officer.
4. Internal controls and processes include the following:
  - The governing body of the FSP will ensure that the policy is kept on the compliance file, and the appointed Compliance Officer will confirm its adoption as part of the quarterly feedback report.

- The governing body of the FSP will ensure that all relevant staff sign the policy, and the appointed Compliance Officer will confirm such signatures as part of the FSP's quarterly feedback report.
- The governing body of the FSP will ensure that the annexure section of this policy is completed, and the appointed Compliance Officer will confirm such completion as part of the FSP's quarterly feedback report.
- The governing body of the FSP will ensure the annual review of all contracts held with 3<sup>rd</sup> parties, and the appointed Compliance Officer will confirm such review as part of the FSP's feedback report.
- The governing body of the FSP will ensure that all declarations confirming the presence or absence of any actual or potential conflict of interests are signed on a quarterly basis, and the appointed Compliance Officer will confirm such declarations as part of the FSP's quarterly feedback report.
- The governing body of the FSP will ensure that a list of all the FSP's associates is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report
- The governing body of the FSP will ensure that a list of all the parties in which the FSP holds an ownership interest in the FSP is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of the FSP's feedback report.
- The governing body of the FSP will ensure that a list of all third parties that holds an ownership interest in the FSP is attached hereto and updated annually. The appointed Compliance Officer will confirm that such register is in place as part of the FSP's quarterly feedback report.
- The governing body of the FSP will ensure that all gift received from 3<sup>rd</sup> parties, with an estimated value of R50 or more are recorded in the FSP's gift register. The appointed Compliance Officer will confirm that such register is in place as part of the FSP's quarterly feedback report
- The governing body of the FSP will ensure that all records associated with the identification of actual or potentials conflicts of interest are kept on the compliance file. The appointed Compliance Officer will confirm such records as part of the FSP's quarterly feedback report.
- The governing body of the FSP will ensure that the proper disclosure requirements are communicated to the client. The appointed Compliance Officer will confirm such disclosures as part of the FSP's quarterly feedback report.

6. The policy will be:

- Overseen by the governing body of the FSP who carry the responsibility for the implementation, reviewing and updating of the policy's associated processes.
- Reviewed at least annually, and where necessary, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest
- Regularly reviewed by the appointed Compliance Office, and where necessary, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest.
- The Annexure section of this policy must be reviewed, updated and signed by the nominated Key Individual on an annual basis
- The Annexure section of this policy must be reviewed, updated and signed by the appointed Compliance Officer on an annual basis

**I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES**

1. Non-compliance with this policy and the procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that may lead to dismissal.
2. If there is reason to believe that an employee or a representative has failed to disclose actual or possible conflicts of interest, the FSP's governing body shall afford that person the opportunity to explain the alleged failure to disclose.
3. If after hearing the response of the employee or representative and making such further enquiries as may be warranted in the circumstances, and where the governing body of the FSP determines that the employee or representative has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**J. LIST OF ALL CREDE FSPs ASSOCIATES**

1. None

**K. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST**

1. Crede Capital Partners holds 30% equity interest in Eduscimat Risk Solutions Pty Ltd and owns 100% equity interest in Crede Power and Infrastructure Investments

**L. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER**

1. Melokuhle Family Trust owns 100% of Crede Capital Partners and Crede Power and Infrastructure Investments
2. Sandile Sokhela holds 49% equity interest in Crede Fund Managers

**M. INCLUDE THE NATURE AND EXTENT OF THE OWNERSHIP INTEREST REFERRED TO IN PARAGRAPHS K AND L**

1. Crede Capital Partners:
  - a. 100% Melokuhle Family Trust

**ANNEXURE A - FINANCIAL INTEREST**

The Registrar of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
  - aa. are specifically agreed to by a client in writing; and
  - ab. may be stopped at the discretion of that client.
- v. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- vi. subject to any other law, an immaterial financial interest\*; and
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

Note

\* “immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by –

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

