

Anti-Money Laundering (AML) Policy

Legal & Compliance

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Prepared by: Legal
& Compliance

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Sign-off

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1. Purpose

The purpose of this policy is to establish the principles of and commitment to the reporting and managing of suspicious activities by Innovation Group South Africa (“Innovation Group”).

This purpose sets out the principles, standards, and guidelines for the continuous and effective reporting and managing of suspicious activities.

2. Scope

This policy aims to foster a culture of compliance, as well as optimising relations with stakeholders which warrant a multidisciplinary approach that can only be effective once all employees support the reporting and managing of suspicious activities process.

This policy governs the reporting and managing of suspicious activities across all legal entities of Innovation Group namely, Innovation Group (Pty) Ltd, Innovation FSP (Pty) Ltd, Innovation Group Distribution (Pty) Ltd, and Innovation Group Services (Pty) Ltd.

3. Principles

This policy also seeks to comply with the statutory and regulatory requirements for anti-money laundering control and combating of terror financing, as contained in the following statutes and their corresponding Regulations, Exemptions including Guidance Notes:

- Prevention of Organised Crime Act 121 of 1998;
- Financial Intelligence Centre Act 38 of 2001; and
- Protection of Constitutional Democracy Against Terrorist and Related Activities Act 33 of 2004.
- Prevention and Combatting of Corrupt Activities Act, 2004

4. Definitions

Beneficial Owner	In respect of a legal person, means a natural person who, independently or together with another person, directly or indirectly: <ul style="list-style-type: none">• owns the legal person; or• exercises effective control over the legal person.
Employee	shall mean permanent employees, temporary employees or any independent contractors of Innovation Group.
Reportable Concern	Offences in respect of corrupt activities as defined in the Prevention and Combatting of Corrupt Activities Act 12 of 2004, including but not limited to: <ul style="list-style-type: none">• <i>General offence of corruption (section 3);</i>• <i>Specific corrupt activities (sections 4 -16);</i>• <i>Miscellaneous offences relating to a possible conflict of interest and other unacceptable conduct (sections 17- 19);</i>• <i>Other offences relating to corrupt activities (sections 20 - 21)</i>
Fraud	The unlawful and intentional making of a misrepresentation which causes actual prejudice, or which is potentially prejudicial to another.

5. Anti-Money Laundering and Counter-Terrorism Regulatory Framework

The Financial Intelligence Centre Act, no 38 of 2001 (“FICA”) together with the Prevention of Organised Crime Act, 1998 (“POCA”), the Prevention and Combatting of Corrupt Activities Act, 2004 (“PRECCA”) and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (“POCDATARA”) were introduced to combat money laundering and terrorist financing.

FICA introduced a regulatory framework of measures requiring certain categories of business, including financial services providers to take steps in ensuring that there is a framework for customer due diligence, record-keeping, reporting of information to the Financial Intelligence Centre and internal compliance governance.

6. Innovation Group South Africa's reporting obligations

As part of South Africa's commitment to combating money laundering and crime, money laundering control legislation was introduced in the form of the Financial Intelligence Centre Act ("FICA").

In broad terms FICA introduces mechanisms aimed at preventing money laundering and in effect creates an anti-money laundering regulatory structure.

Section 29 (see annexure "A") of FICA puts an obligation on Innovation Group and any of its employees to report any suspicious and unusual transactions, property which is connected to an offence relating to the financing of terrorist and related activities or series of transaction to the Financial Intelligence Centre ("FIC"). These include transactions that we know of, suspect or ought reasonably to suspect to be related to a crime or any conduct that contravenes any South African law. Among these are conventional money laundering activities and tax evasion.

As soon as any person becomes aware of any such suspicious / unusual transactions, that transaction must, within 15 (fifteen) days (excl. Saturdays, Sundays and Public Holidays), be reported to the FIC by using the prescribed form on their website <http://www.fic.gov.za>. Should an employee be uncertain of whether or not such a transaction has to be reported or the manner of reporting, such employee should immediately contact the Legal and Compliance department for assistance. The role of the FIC is to collect, retain, compile and analyse all information disclosed to it. While the FIC will not investigate any criminal activity, it will provide relevant information to the investigating authorities, intelligence services and South African Revenue Service, which should carry out such investigations.

Non-compliance with FICA is a criminal offence and may result in prosecution.

In order to effectively protect our interests and those of our clients, we as a Group are committed to assist in the attempt to curb organized crime in South Africa, as well as ensuring that our business is not associated with any unlawful activity.

7. Client due diligence procedures

IGSA has adopted a risk-based approach with regards to performing Client Due Diligence procedures where applicable FICA documents will be requested as listed on Annexure A, this process also identification of Beneficial Ownership.

The risk-based approach allows IGSA's employees to conduct proportionate levels of identification and verification activities depending on the money laundering / terrorist financing risks.

All employees responsible for interacting with clients and/or maintaining client and transaction records will at all times observe IGSA's implemented control measures and conduct the appropriate Client Due Diligence procedures.

The Compliance Officer will monitor employee's continued adherence with the Client Due Diligence procedures.

8. Suspicious and unusual transactions

- (1) A person who carries on a business or is in charge of or manages a business or who is employed by a business and who knows or suspects that:
- a. the business has received or is about to receive the proceeds of unlawful activities;
 - b. a transaction or series of transactions to which the business is a party:
 - i. facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities;
 - ii. has no apparent business or lawful purpose;
 - iii. is conducted for the purpose of avoiding giving rise to a reporting duty under this Act; or
 - iv. may be relevant to the investigation of an evasion or attempted evasion of a duty to pay any tax, duty or levy imposed by legislation administered by the Commissioner for the South African Revenue Service;
 - c. or the business has been used or is about to be used in any way for money laundering purposes, must within the prescribed period after the knowledge was acquired or the suspicion arose, report to the Centre the grounds for the knowledge or suspicion and the prescribed particulars concerning the transaction or series of transactions.

(2) A person who carries on a business or is in charge of or manages a business or who is employed by a business and who knows or suspects that a transaction or a series of transactions about which enquiries are made, may, if that transaction or those transactions had been concluded, have caused any of the consequences referred to in subsection

(1)(a), (b) or (c), must, within the prescribed period after the knowledge was acquired or the suspicion arose, report to the Centre the grounds for the knowledge or suspicion and the prescribed particulars concerning the transaction or series of transactions.

(3) No person who made or must make a report in terms of this section may disclose that fact or any information regarding the contents of any such report to any other person, including the person in respect of whom the report is or must be made, otherwise than:

- a. within the scope of the powers and duties of that person in terms of any legislation;
- b. for the purpose of legal proceedings, including any proceedings before a judge in chambers; or (d) in terms of an order of court.

(4) No person who knows or suspects that a report has been or is to be made in terms of this section may disclose that knowledge or suspicion or any information regarding the contents or suspected contents of any such report to any other person, including the person in respect of whom the report is or is to be made, otherwise than:

- a. within the scope of that person's powers and duties in terms of any legislation;
- b. for the purpose of carrying out the provisions of this Act;
- c. for the purpose of legal proceedings, including any proceedings before a judge in chambers; or (d) in terms of an order of court.

9. Record keeping

Records are kept of all dealings with a client and this includes identification of the client or persons acting on behalf of a client.

These records may be kept in an electronic format and must be kept for a period of 5 years which commences on the date of termination of a business relationship or of the conclusion of a single transaction.

To ensure compliance, IGSA will monitor, test and audit relevant records and records storage systems for adequacy and compliance.

Non-compliance with, or violations of IGSA record management policy and procedures could lead to disciplinary actions.

10. Reporting procedure

Any suspicious conduct should be reported to the Compliance Office by sending an email as per below email address.

Should the suspicious conduct involve the Compliance Office, the report such conduct should be communicated to the Managing Director.

11. Contact information

Compliance Office	compliance@innovation.group
Physical Address:	155 West Street Sandton Johannesburg 2196 South Africa.
Telephone:	011 790 5200

Annexure A

Legal Entities: FICA Documents:

The following documents will be required:

SA COMPANIES	
Identify	Verify
Registered Name:	
Registration Number:	
Registered Address:	Confirmation Certificate.
Name under which Conducting Business:	Corporate Letterhead
Operating Address:	Proof of Address (not older than 3 months)
Income Tax & VAT Numbers:	SARS Documents
Ownership Structure	Company Share Register / Corporate Organogram

Beneficial Ownership	
Identify	Verify
Full Name & Surname:	ID Document / Passport / Driver's Licence
Date of Birth:	ID Document / Passport / Driver's Licence
Identity Number:	ID Document / Passport / Driver's Licence
Residential Address:	Proof of Address (not older than 3 months)
Proof of Representation:	Letter of Authorisation