



CONFLICT OF INTEREST POLICY
CONSILIUM CAPITAL SA (PTY) LTD (“CCSA”)
An authorized Financial Service Provider

GLOSSERY OF TERMS FOR CONFLICT OF INTEREST POLICY

CCSA Group

Includes CCSA and all subsidiaries and companies affiliated with CCSA.

Associate

In relation to an Employee includes all children, stepchildren, adopted children, parents, step-parents, spouses, life partners, civil union partners of the Employee or any of the Employee’s family mentioned above and will also include a person who is in a commercial partnership with the Employee.

For the purpose of this policy, CCSA means all subsidiaries of CCSA and any controlling shareholders in relation to CCSA.

Client

A client of the CCSA.

Compliance Officer

Warren Neale of Askari Compliance Services warren@askaricompliance.com

Conflict of Interest

Any situation in which CCSA or a Representative 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 CCSA or a Representative from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client.



Distribution Channel

Distribution channel shall include:

- any arrangement between a product supplier or any of its associates and one or more FSP's or any of its associates in terms of which any support or services provided to the FSP or FSPs in rendering a financial service to a client;
- any arrangement between two or more FSPs or any of their associates which facilitates, supports or enhances a relationship between the FSPs and a product supplier;
- any arrangement between two or more product suppliers or any of their associates which facilitates, supports or enhances a relationship between FSPs and a product supplier.

Employee

Any person who, for and on behalf of CCSA, renders any financial services to a client in terms of such person's conditions of employment and included in the generality of this definition are full time employees, temporary employees, independent contractors and employees of entities in the CCSA Group. (Employees are incorporated in the definition of Representatives for the purposes of this policy.)

Financial Interest

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration (other than any such interest with a monetary value which does not exceed R1 000,00 in any calendar year from the same third party).

FSP

Financial Services Provider (include CCSA were the context dictates such).

FAIS

Financial Advisory & Intermediary Services Act 2002.

Managing Director

The Managing Director of CCSA.

Ownership Interest



Any equity or proprietary interest (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.

Representative

Any person who, for or on behalf of CCSA, renders a financial service to a client in terms of a mandate or similar arrangement and included in this are employees, temporary employees and independent contractors of such service providers and in this policy document, the term Representative includes a reference to Employees.

SSA

The Securities Services Act, 2004.

Third Party

Includes a product supplier, another FSP, an associate of a product supplier or an FSP, a distribution channel or any person who, in terms of an agreement or arrangement with any such third parties provides financial interest to an FSP or its Representatives.

BACKGROUND

CCSA is licensed as an FSP in terms of FAIS which licence includes the provision of financial services in relation to foreign investments and FOREX investments.

In the financial services industry in which CCSA operates, conflicts of interest can be described as circumstances where some or all of the interests of clients to whom CCSA provides financial services are inconsistent with, or diverge from, some or all of the interests of CCSA or its Representatives.

Adequate conflicts management helps to minimise the potential adverse impact of conflicts of interests on clients. Without adequate conflicts management, FSPs whose interests conflict with those of the client are more likely to take advantage of that client in a way that may harm that client and may diminish confidence in that FSP and in the financial services industry as a whole.



While it is conceded that all potential conflicts of interest do not necessarily manifest themselves into actual conflicts, it is submitted that the very perception of bias is a negative one, and carries a negative impression of the industry.

The FAIS General Code of Conduct for Authorised Financial Services Providers and Representatives currently requires that:

- an FSP *“and a representative must avoid and where this is not possible, mitigate, any conflict of interest between the provider and a client or the representative and a client”*;
- an FSP *“or a representative must, in writing, at the earliest reasonable opportunity, disclose to the client any actual conflict of interest in respect of that client”* as well as inform such client of this policy and how it may be accessed.

PURPOSE OF THIS POLICY

The purpose of this conflicts policy is to outline a suitable approach and response to the identification and management of conflicts of interest. Potential conflicts of interest are inherent in any business, therefore it is not possible in all circumstances to avoid a conflict of interest.

Given the nature of businesses in the CCSA Group and particularly that, within the CCSA Group, the activities of investment research, advice, proprietary trading and portfolio management are conducted, conflicts of interest may arise.

This policy should be read and understood by all affected Employees and Representatives. The guidelines and recommendations contained herein should be considered and applied where relevant, and Employees should raise any queries regarding potential conflicts of interest to their manager.

UNDERLYING PRINCIPLES

CCSA and its Employees must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

If a conflict of interest arises and it is possible to avoid it, that conflict of interest must be avoided. Where a conflict of interest cannot be avoided, that conflict must be mitigated. Disclosure of that conflict must be made to the client.

TREATING CLIENTS FAIRLY

CCSA must treat its customers fairly. CCSA must:



- Not provide financial services that unfairly puts the interests of CCSA ahead of that of its clients;
- Not provide financial services in a way that unfairly puts the interests of one client ahead of the interests of other clients;
- Not use knowledge about clients in a way that is likely to advance its own interests without sufficient disclosure to affected clients. (Transparency in disclosure).

CCSA must manage conflicts between the interests of various clients (existing/potential) as well as conflicts between CCSA's own interests and those of its clients.

MECHANISMS IN PLACE FOR IDENTIFYING CONFLICTS OF INTEREST

CCSA has the following arrangements in place to identify conflicts of interest affecting its business. These arrangements include the following mechanisms:

- **Register detailing potential Conflicts of Interest risks-** Management have put together a list of potential conflict risks that exist, has assessed them by business area and income stream as well with documented controls and appropriate response to those conflicts.
- **All Employees, including CCSA's Compliance Officer and management,** are responsible for identifying specific instances of conflict and are required to notify the Compliance Officer of any conflicts they become aware of. The Compliance Officer will escalate the conflict to the Managing Director to assess the implications of the conflict and how the conflict should be managed.
- **Avoiding Conflicts of Interest altogether-** if a serious potential impact on CCSA or a client exists, the conflict must be avoided altogether. Merely disclosing the risk and imposing internal controls is not enough.
- **Disclosing Conflicts of Interest appropriately-** Where a conflict of interest cannot be avoided, clear, concise and effective disclosure is essential so that client can make an informed decision. Appropriate disclosure to a client will depend on all facts presented and a number of circumstances including the level of financial literacy of the client, the extent to which other clients are likely to rely, directly or indirectly, on the service, how much the client already actually knows about the specific conflict and the complexity of the service being presented to the client.

MANAGEMENT OF CONFLICTS



Where conflicts may arise, avoidance or declining to act for the client is the safest course of action but is often simply not a possible or practical solution.

The following procedure is followed in the event that a conflict of interest is identified:

- The Compliance Officer assesses each conflict, including whether the conflict is actual or perceived and whether it can be avoided. In doing so, the Compliance Officer must also assess, where the conflict cannot be avoided, the value of the conflict or exposure and the potential reputational risk, irrespective of whether the conflict is actual or perceived.
- Compliance will then escalate the matter to management to agree on the controls that need to be put in place to manage the conflict.
- In such cases disclosure to the client must be made.

CCSA has various internal controls to manage and mitigate Conflicts of Interests, including:

- Information barriers (“Chinese Walls”) - Restrictive access control to certain areas; separate IT systems and IT folders, IT access control policy and “Clean Desk” policy.
- Internal Policies and Procedures: systems and controls to minimise the impact that any conflict is likely to have on the client’s interest.
- Disclosure: disclosing an interest to a client where the conflict cannot be avoided.

Specific instances of conflict may require management intervention in addition to the documented controls already in place. These can include escalation to the Board of Directors for a decision on how the conflict should be managed, if it cannot be avoided, for instance, by disclosure or declining to act.

CCSA additionally has various internal policies to manage and mitigate Conflicts of Interests, including a Personal Account Dealing Policy;

Compliance maintains records of all conflicts of interests identified and their resolution, including the persons involved and the controls used.

STEPS TO MITIGATE CONFLICTS OF INTEREST

It is not always possible to avoid all conflicts of interest regardless of impact. However, all conflicts of interest must be adequately assessed for impact, reported to the compliance function and/or senior management who will then decide how to proceed.



If it is decided to proceed, the conflict can be normally managed by a combination of internal controls and appropriate disclosures.

Depending on the circumstances and the nature of any given conflict, it may be appropriate to:

- Where the conflict of interest cannot be eliminated, disclose the conflict of interest to the client;
- Allocate another Representative to provide the service to the client;
- Decline to provide a service to the client;
- Initiate internal/external disciplinary action (referring matter to regulator for instance) where warranted.

What constitutes an appropriate response to a given conflict of interest will always depend on the circumstances and facts of the case.

AVOIDING CONFLICTS OF INTEREST

Certain conflicts may have such a serious potential impact on CCSA or its clients that the only way to adequately manage those conflicts will be to avoid them. In these cases simply disclosing them and imposing internal controls may be inadequate.

Examples:

- CCSA staff are not permitted to offer to publish or give positive advice about a particular financial product issuer, or include their product on a recommended list, solely in return for benefits or continuing business from that issuer;
- CCSA Employees may not disclose pending client orders to third parties associated with CCSA (which would enable the third party to trade ahead of the client);

Where CCSA is significantly affected by conflicts of interest for particular financial product advice, CCSA may need to decline to provide the advice.

OTHER OBLIGATIONS

Other obligations already exist in and outside of FAIS, which deal with or relate to conduct potentially affected by conflicts of interest, including:

- CCSA must act with due care and skill and in their clients' best interest. This includes numerous statutory contact stage disclosures, which includes conflicts of interest. The obligation to operate with due care and skill and in the best interest of the client



is interconnected to the obligation to manage conflicts of interest;

- The obligation to have adequate risk management systems in place;
- The obligation to comply with all financial services laws;
- The obligation to have adequate compliance arrangements;
- A range of prohibitions, including for misleading or deceptive conduct in the provision of a service, and insider trading;
- The duties of a responsible entity of a registered collective investment scheme, including duties to act in the best interests of the members of the scheme and, if there is a conflict between the member's interests and its own interest, to give priority to the members' interests.

REMUNERATION

CCSA must continually review its remuneration practices (including non-monetary) as part of ensuring that they operate efficiently, honestly and fairly.

When charging fees based on funds under management, CCSA should consider how to ensure they address any tendency to act other than in the best interests of their clients.

Disclosure to clients is an adequate mechanism for controlling conflicts of interest arising from remuneration practices.

Remuneration practices that place the interests of CCSA in direct and significant conflict with those of its clients should be avoided (and not merely disclosed).

When providing advice to clients, CCSA is specifically obliged to ensure the advice is appropriate (regardless of remuneration).

DISCLOSURE OBLIGATION REGARDING CONFLICT OF INTEREST

Each Representative must, in writing, at the earliest reasonable opportunity:

- disclose to a client any conflict of interest in respect of that client;
- inform a client of this conflict of interest management policy and how it may be accessed.



That disclosure is compulsory and must be made if the conflict of interest cannot be

avoided. Such disclosure must be in writing and must include information regarding:

- the measures taken, in compliance with this policy, to avoid or mitigate the conflict;
- the ownership interest or financial interest that CCSA or the Employee may be or become eligible to receive; and
- the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest.

This written disclosure must be 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.

TIMELY, PROMINENT, MEANINGFUL DISCLOSURE

Such disclosure should:

- Be timely, prominent, specific and meaningful;
- Occur at the earliest reasonable opportunity and specifically must occur before the service is provided, at a time that allows the client a reasonable time to assess its effect.

Disclosure should refer to the specific service to which it relates, and should be clear enough for the client to fully understand its implication.

DISCLOSURES FOR FINANCIAL PRODUCT ADVICE

Where a conflict of interest cannot be avoided in relation to financial product advice, such disclosure document should disclose:

- The extent to which CCSA (or any associate of it) has a legal or beneficial interest in the financial products that are the subject of the advice should be inputted in the Letter of Introduction at contact stage;
- The extent to which CCSA (or any associate of it) is related to or associated with the supplier of the product that are the subject of the advice;
- The extent to which CCSA (or any associate of it) is likely to receive financial or other



benefits depending on whether the advice was followed or not.

Where a conflict of interest cannot be avoided and while such conflict of interest may not necessarily cause the advice to be compromised, it should still be brought to the client's attention.

WHEN DISCLOSURE BECOMES INAPPROPRIATE

There are times when disclosing a conflict may be inappropriate. Conflicts that arise may be confidential, and even amount to 'inside information' under insider trading rules. In situations like these CCSA will need to assess, on a case-by-case basis, whether any disclosures can be given and whether the conflict can be adequately managed through other mechanisms. In such cases the conflict needs to be avoided altogether.

SENIOR MANAGEMENT, EMPLOYEE AND REPRESENTATIVE RESPONSIBILITIES

Senior management are responsible for the creation, implementation and oversight of appropriate processes and procedures for the effective management of conflicts of interest within their organisations. Senior Management:

- must engage fully in all aspects of conflict of interest identification and management and take a broad view of the risks posed to their business. Controls to mitigate conflicts need to be reviewed on a regular basis.
- are responsible for ensuring that the broad spread of conflict risk to which their business is exposed is addressed, including latent and emerging conflicts. They need to make informed judgments about the materiality of the conflict risk.

All Employees/Representatives responsibilities:

- ☐ The obligation to avoid a conflict of interest applies to every Employee and every Representative of CCSA (other than persons rendering clerical, technical, administrative, legal, accounting or other services in a subsidiary or subordinated capacity provided that those services do not lead a client to any specific transaction in respect of a financial product in response to general enquiries).

The obligation:

- 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;
- to avoid conflicts of interest where possible and where not possible mitigate them;



and

- to disclose conflicts of interests in terms of this policy to the client in writing, is an obligation of every Employee and Representative referred to above.

DOCUMENTATION AND RECORD KEEPING

Records should be kept for at least 5 years of:

- Conflicts identified and actions taken;
- Any reports given to CCSA's senior management about matters relating to conflicts;
- Copies of written conflicts of interest disclosures given to clients.

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

Non-compliance by Employees with this policy will constitute a breach by the Employee of the terms of his employment and expose the Employee to the risk of disciplinary procedures depending on the nature and severity of such breach.

Any breach of this policy by a Representative who is not an Employee and who is subject to a contract or mandate must be assessed in the light of the severity of such breach and the contractual rights of CCSA under such mandate.

QUALIFICATION BY REPRESENTATIVES FOR A FINANCIAL INTEREST

- n/a

PARTIES OWNING AN INTEREST IN CCSA

- African Financial Group (Pty) Ltd
- Mark Sonik
- Great White Pelican Investments (Pty) Ltd

PARTIES IN WHICH CCSA HOLDS AN OWNERSHIP INTEREST IN

- Consilium Capital Wealth (Pty) Ltd – 100%

EXAMPLES OF CONFLICTS

INTERESTS AND AFFILIATIONS

A conflict of interest exists if an Employee or Representative is in a position to make or influence a decision about whether and how to proceed with the proposed transaction, and has an affiliation with any other party to a business transaction. An apparent conflict is one



that a skeptical viewer might reasonably believe might cause the relevant person's decision to be tainted by self-interest.

In order to ensure proper corporate governance, and the accountability and transparency of our organisation, Employees and Representatives are required to declare any private interests that might affect the carrying out of their duties. They are also required to take steps to resolve any conflicts that arise in a way that protects the public interest. To fulfil this requirement, any relevant interests must be declared on the Register of interests. These are personal or business interests that might influence their judgement, deliberation or action as Employees of the financial services provider, or which might be perceived by a reasonable member of the public as doing so.

Employees and Representatives must consider whether they need to disclose personal involvement with persons or organisations which members of the public might reasonably think could influence their judgement.

Where there is uncertainty about whether a particular interest should be declared, advice should be sought from the Compliance Officer.

MOONLIGHTING

Employees of CCSA may not engage in any employment or activity other than for CCSA or in any business in which CCSA is engaged or contemplates engaging. While employed at CCSA, each Employees' full business energies and time should be devoted exclusively to CCSA's business. If one wishes to pursue a second job with any other entity or to participate in an outside business venture ("Moonlighting"), one must ensure that the engagement in such activity does not create a conflict with the interests of CCSA or in any way use or risk disclosure of the confidential information of CCSA. Any outside activity should be strictly separated from CCSA's employment and should not harm one's job performance at CCSA. To avoid problems in this area, each Employee is required to disclose and receive approval from compliance/senior management prior to engaging in any such activity. Employees who are executive officers of CCSA should obtain such prior approval from the Board of Directors (the "Board").

SERVICE ON BOARDS AND COMMITTEES

Employees must obtain approval prior to accepting any position to serve on a board of directors, an advisory board or on a committee of any entity. Employees who are not executive officers should obtain approval from relevant persons before accepting any board or committee position. CCSA is at any time able to rescind prior approvals to avoid a conflict or appearance of a conflict of interest for any reason deemed to be in the best interests of



the company.

SELF-DEALING TRANSACTIONS

CCSA should not engage in any self-dealing. Generally speaking, sales of property, goods, or services; exchanges and loans between CCSA and a disqualified person (such as a director or officer or a member of their families); payment of compensation to a disqualified person; and use of CCSA's assets by or for the benefit of a disqualified person constitute self-dealing and should be prohibited as a matter of course.

GIFTS AND IMPROPER PERSONAL BENEFITS

No Employee should obtain any material personal benefits or favors because of his or her position with CCSA.

Directors, advisors, and staff members, and members of their families, may not knowingly receive or accept any pecuniary gain or anything else of value (including gifts, honoraria, loans, and entertainment) from recent, current, or potential grantees, vendors, suppliers, consultants, or others who have existing or proposed business or grantor-grantee relationships with CCSA. It is permissible to accept gifts of nominal value, meals, and social invitations that are in keeping with good business ethics and do not obligate the recipient to take or refrain from taking any action or decision on behalf of CCSA. Where it would be awkward to decline a gift, it should be accepted on behalf of CCSA, and senior management should be consulted as to its disposition.

PROVISIONS SPECIFIC TO STAFF AND INVESTMENT IN PRIVATE COMPANIES

A CCSA Employee's private interest cannot interfere with the interests of CCSA. Employees of CCSA have a full-time responsibility to CCSA and may not engage in activities that would interfere with the discharge of this responsibility. No Employee may have business dealings with the CCSA beyond receipt of salary and personnel benefits and reimbursement of authorized expenses.

Permission will be granted only when it is determined that the interests of CCSA are not compromised by the service to the other organization. Full disclosure of the relationship should be a requirement. If any recommendation goes forward, the disclosure must be presented to the Board and recorded in the Board minutes.

Employees may find themselves in a position to invest in clients of CCSA, partners or suppliers. It is imperative that Employees presented with such opportunities understand the potential conflict of interest that may occur in these circumstances. Investing in private



companies with which CCSA has an actual or potential business relationship may not be in the best interests of CCSA. The following guidelines are intended to cover such circumstances:

NON-CASH INCENTIVES AND INDIRECT CONSIDERATIONS

Non-cash incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person to CCSA could be viewed as a potential conflict of interest. Material benefits are any forms of non-cash incentives or benefits that are R500.00 or more in value for any single item or part thereof, including benefits that are passed to an Employee and/or an Employee's associate or to a Representative and/or to a Representative's associate by a product supplier; and also includes such non-cash incentives or benefits that amount to more than R1000 per natural person (and/or such person's associates) from a single product supplier over any calendar year.

Non-cash incentives include (non-exhaustive list):

- Overseas trips-incentivised;
- Domestic trips-incentivised;
- Sponsorships by product suppliers for financial services providers;
- Gifts that amount to material benefits-motor vehicles, gift vouchers, loans on more favourable terms;
- Payment or provision of all or part of the costs of any business service or other business expense, including but not limited to: Office rental; Computer hardware and commercial software;
- Entertainment;
- Domestic educational or professional development conferences;
- Sponsorship of domestic provider events, including conferences, by a product supplier;
- Accommodation and travel costs where CCSA is invited as a speaker at a domestic conference/professional development event held by a product supplier;
- Access to preferential, differentiated service and/or training and/or advice facilities, and the like;



- Shareholdings, equity entitlements, sales quota obligations or performance fee entitlements that they, or an entity in which they have an interest, have in the product suppliers of the products or administrative financial services providers that CCSA and/or its Representatives recommend to clients;
- The fact that during the preceding 12-month period, CCSA received more than 30% of total remuneration, including commission from the product supplier;
- Benefits that are not material and are not in the form of cash or gift vouchers;
- Professional development conferences/courses that meet the following criteria: e.g., The conference may be for no longer than three days and two nights.