



emberconsulting™

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Conflict of Interest Management Policy

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DEFINITIONS

“Associate”

In relation to a **natural person**, an associate is:

- Someone who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that natural person;
- A child of that natural person, including a stepchild, adopted child and a child born out of wedlock
- A parent or step-parent of that natural person;
- Someone who is recognised in law or appointed by a court as the individual legally responsible for managing the affairs of that natural person or meeting the daily care needs of that natural person;
- The spouse, life partner or civil union partner of a person referred to in above, and
- Someone who is in a commercial partnership with that natural person.

In relation to a **juristic person**, an associate is:

- In the case of a company – 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;
- In the case of a close corporation registered under the Close Corporations Act (No 69 of 1984) – any member of the close corporation as defined in section 1 of that Act;
- In the case of an entity that is not a company or a close corporation, as described above – another juristic person that would have been a subsidiary or holding company of the first-mentioned.

“**Director**” means a member of the Board of Ember Consulting or an alternate director. This includes any person occupying the position of a director or alternate director, even if such a position is called something else.

“**Distribution channel**” refers to:

- Any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in which the providers receive support or services when they render financial services to a client;
- Any arrangement between two or more providers or any of their associates in which the arrangement facilitates, supports or enhances a relationship between the providers and a product supplier;
- Any arrangement between two or more product suppliers or any of their associates in which the arrangement facilitates, supports or enhances a relationship between the product suppliers.

“Employees” include any full-time, temporary, contract, outsourced, suspended or absent employees, partners or agents, as well as any representatives on Ember Consulting licences.

“Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration. A qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity. This excludes:

- An ownership interest;
- Training that is not exclusively available to a select group of providers or representatives, if the training is 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 provider that is a measured entity

“Holding Company” has the meaning assigned to it in the companies Act, 2008

“Immaterial financial interest” means any financial interest with a determinable monetary value. The total value received from the same third party should not exceed R1 000 in any calendar year and includes loyalty benefit (cash or premium back bonus) that is directly or indirectly provided or made available to a client by a provider or a product supplier or an associate of the provider or product supplier, which benefit is wholly or partially contingent on:

- i. The financial product with that provider of product supplier remaining in place
- ii. The client continuing to utilise a financial service of that provider or product supplier
- iii. The client increasing any benefit to be provided under financial product; or
- iv. The client entering into any other financial product or benefit or utilising any related services offered by that provider, product supplier or their associates

“Key individual” means a person registered as such in terms of the FAIS Act to oversee and manage the business or representatives of Ember Consulting.

“Ownership interest” means:

- Any equity or proprietary interest for which the owner paid fair value at the time of acquisition. It excludes equity or a proprietary interest the owner holds as an approved nominee on behalf of another person
- Any dividend, profit share or similar benefit derived from that equity or ownership interest.

“Representative” means any person who renders a financial service to a client, for or on behalf of Ember Consulting in line with the FAIS Act. This applies to services in terms of a client’s conditions of employment or any other mandate.

“Third party” means:

- A product supplier;
- Another provider;
- An associate of a product supplier or a provider;
- A distribution channel;
- 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

“Trading partners” are any third parties:

- With whom Ember Consulting has a business relationship
- With whom a business relationship is being considered
- With whom a business relationship is in the process of being finalised.

This includes service providers, suppliers, contractors, providers and partners. It also includes any party to a business relationship with Ember Consulting.

“Significant Owner ” means a person who is a significant owner of a financial institution if the person directly or indirectly alone or together with a related or inter-related person has the ability to control or influence materially the business or strategy of the financial institution, as per section 157(1)(2) of the Financial Sector Regulation Act, 2017

White Labelling" refers to the marketing of or offering a specific financial product of a product supplier wholly or partially under the brand of another person who is not the product supplier, in terms of the arrangement between product supplier and that other person

INTRODUCTION

The management of Ember Consulting (“Ember”) is committed to doing business in an honest and ethical manner. Management also recognises the need to make sure that all business relationships within Ember Consulting are founded on professional principles and that the relationships are kept at arm’s length. As a general rule, conflicts of interest must be avoided at all times. Where it is impossible to avoid a conflict of interest, the conflict must be disclosed to the appropriate persons and managed in accordance with this policy. Management further recognises its obligation to see to it that appropriate controls and procedures are implemented within Ember Consulting. These controls and procedures will help Ember Consulting meet the regulatory requirements both in South Africa and internationally.

PURPOSE

The purpose of this policy is to provide a framework that sets out the mechanisms used to prevent conflict of interest as far as reasonably possible. Where conflicts are unavoidable, the policy also provides guidelines on how to deal with the conflicts in an ethical and responsible manner.

SCOPE

Our Conflict-of-Interest Management Policy applies to Ember Consulting, FSP licence 49618 and representatives within the group and where management has control, and includes all executive and non-executive directors, if applicable. If applicable, an entity within Ember Consulting may elect to have its own policy in respect of conflicts of interest, provided that that policy is consistent with this policy and that the required procedures are in place. Management of Ember Consulting must approve any deviation from this policy.

WHAT IS A CONFLICT?

A conflict of interest occurs when there is a direct or indirect conflict, in fact or in appearance, between the interests of a person and the interests of Ember Consulting. It applies to financial,

economic and other interests in any opportunity from which Ember Consulting may benefit, or which may be to the detriment of Ember Consulting, including the use of Ember Consulting confidential information.

In relation to the rendering of a financial services to a client, conflict of interest is any situation in which a provider or a representative has an actual or potential interest that may:

- Influence the objective performance of the provider or representative's obligations to that client;
- Prevent a provider or representative from rendering an unbiased and fair financial service to that client;
- Prevent a provider or representative from acting in the interests of that client. Such interests include, but are not limited to:
 - i. A financial interest
 - ii. An ownership interest
 - iii. Any relationship with a third party.

Actual conflict arises in situations where financial considerations or other personal or professional considerations compromise an individual's objectivity, judgment, integrity, and/or ability to fulfil his or her responsibilities to Ember Consulting and his or her actions could lead to compromising Ember Consulting in any way.

Apparent (or perceived) conflicts are situations or relationships that could reasonably appear to other parties to involve a conflict of interest. Apparent conflicts exist in situations where a person has financial interests, personal relationships or associations with an external entity, individual or organisation, such that the person's activities within Ember Consulting could appear to be biased.

This applies to the following people:

Executive Management

- C Ellis

Representatives

- P Mdlalane

Potential conflicts refer to situations that do not necessarily constitute or appear to constitute a conflict of interest, but where there is a reasonable possibility of an actual or apparent conflict of interest arising in the near future. Any reference to a conflict of interest in this policy includes an apparent or potential conflict of interest.

PERMITTED FINANCIAL INTEREST

An FSP may only receive the following financial interests:

- Commission authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998)
- Fees authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998), if those fees are commensurate to a service being rendered
- Fees charged for a financial service and for which the commission referred to above is not paid, if those fees:
 - (i) The amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by the client in writing
 - (ii) Those fees may be stopped at the discretion of the client
 - (iii) Fees or remuneration for a service to a third party is reasonable compensation for that service
 - (iv) Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are commensurate to the service being rendered.

Any other financial interest in cash or cash equivalent is not permitted. Details of all immaterial financial interests (gifts) received must be declared to the Management.

NON-PERMITTED FINANCIAL INTEREST

A provider may not offer any financial interest to a representative of that provider:

- That is determined with reference, giving preference to the quantity of business secured for the provider without giving due regard to the exclusion of the quality of the service rendered to delivery of outcomes for clients
- For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client, or
- For giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

It is specifically recorded that the only financial interests that any representative or key individual of Ember Consulting will be entitled to is the remuneration disclosed in each employee's service contract. Ember Consulting must ensure that it will only recommend any in-house solutions where this is in the interests of the client.

APPROACH TO THE MANAGEMENT OF CONFLICT OF INTEREST

a. Mandatory Disclosures (**Annexure A**). A conflict of interest in respect of a client must be disclosed to that client in writing.

This disclosure must include the following:

- What has been done to avoid or mitigate the conflict;
- Any ownership or financial interest that Ember Consulting or a representative may be eligible for or become eligible for;
- Details about any relationship with a third party that gives rise to conflict of interest. The details must be sufficient to enable the client to understand the exact nature of the relationship or arrangement and the extent of the conflict of interest.

The representative shall disclose to the client the existence of any personal interest in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest in relation to such service, and shall take all reasonable steps to ensure fair treatment of the client;

b. The representative undertakes to avoid and where this is not possible, mitigate any conflict of interest between the representative and the client.

c. The representative undertakes to disclose to the client in writing at the earliest reasonable opportunity:

- (i) any conflict of interest in respect of that client, including the measures taken in accordance with the conflict management policy of the provider to avoid or mitigate the conflict;
- (ii) any ownership or financial interest, other than an immaterial financial interest, that the employer or representative may be or become eligible for;
- (iii) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail so as to enable the client to understand the exact nature of the relationship or arrangement and conflict of interest;

d. The representative undertakes to inform the client of the employer's conflict of interest management policy and how it may be accessed.

e. The employee undertakes to adopt, maintain and implement a conflict-of-interest management policy and to provide the representative with appropriate training and educational material in this regard.

f. All key individuals and business executives within Ember Consulting are required to complete:

- A notification detailing any actual or perceived conflict situation that may arise from day-to-day operations. These notifications will be recorded on the relevant registers, together with an analysis of the implications of the situation to determine the most appropriate actions required to effectively manage the conflict
- A notification detailing any immaterial financial interest received by a representative or a key individual. These notifications will be recorded and stored on the Gifts Register, and the implications of the situation will be analysed to determine the most appropriate actions required to effectively manage the conflict
- A notification (with attendance registers) detailing any training that will be provided to representatives. These notifications will be recorded, and the validity of the programme will be assessed
- An annual Declaration of Interest Form, disclosing any association or relationship they may have with a third party and that may result in an actual or perceived conflict.

g. Awareness training provides management and staff with a greater understanding of the training requirements within Ember Consulting.

INSIDER TRADING

Officers, directors and employees of the business will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. This information – whether it is on behalf of our business or any of our clients or affiliates – could include strategic business plans, operating results, marketing strategies, client lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs.

Proprietary, confidential and sensitive business information about this business, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to know basis. No disclosure of confidential information is permitted without written permission of the client or the most senior manager of this business. Misuse of material inside information in connection with trading in the business's securities can expose an individual to civil liability and penalties. Under current legislation, directors, officers, and employees in possession of material information not available to the public are "insiders".

Spouses, friends, suppliers, brokers, and others outside the business who may have acquired the information directly or indirectly from a director, officer or employee are also “insiders.” The Act prohibits insiders from trading in, or recommending the sale or purchase of, the business’s securities, while such inside information is regarded as “material”, or if it is important enough to influence you or any other person in the purchase or sale of securities of any business with which we do business, which could be affected by the inside information.

The following guidelines should be followed in dealing with inside information:

- Until the material information has been publicly released by the business, an employee must not disclose it to anyone except those within the business whose positions require use of the information.
- Employees must not buy or sell the business’s securities when they have knowledge of material information concerning the business until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees shall not buy or sell shares of another corporation, the value of which is likely to be affected by an action by the business of which the employee is aware and which has not been publicly disclosed.

Officers, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements. Officers, directors and employees will refrain from gathering competitor intelligence by illegitimate means and refrain from acting on knowledge which has been gathered in such a manner. The officers, directors and employees of the business will seek to avoid exaggerating or disparaging comparisons of the services and competence of their competitors.

COMPLIANCE

Compliance will define procedures and controls to properly identify and manage potential conflicts of interest, as far as it relates to a conflict as defined by the FAIS Act.

FINANCIAL SERVICES PROVIDERS

The entity listed as Ember Consulting is responsible for maintaining the FAIS Conflict of Interest Register and the process of disclosure of interests. This entity must review the content of these registers every year.

EMPLOYEES

Employees must avoid conflicts of interest where they have an interest in or stand to benefit from any transaction to which Ember Consulting is also a party. This applies whether the employee has an interest or stands to benefit:

- Individually
- In association with their family members
- In association with business partners
- In relation to external or internal business interests.

Employees must disclose business interests that may be in conflict with the business of Ember Consulting. Non-disclosure of a conflict of interest will result in disciplinary action against the employee who failed to make the disclosure. All employees must report a perceived or actual conflict of interest to their direct line manager or any senior manager in their business unit. If an employee cannot report the conflict to his or her line manager or a senior manager in their business unit, the employee may report the conflict to the Ethics Office. All instances of non-compliance must be reported in line with the applicable whistleblowing policy and process.

COMPLIANCE WITH THIS POLICY

Ember Consulting views any non-compliance with this policy and any non-compliance with Ember Consulting's legal obligations in a serious light.

If an employee or a representative takes any deliberate action to contravene this policy or to breach Ember Consulting's legal obligations, the employee or representative will be subject to disciplinary action.

All instances of non-compliance with this framework will be included in the regular compliance reporting processes.

KEY INDIVIDUALS

Key individuals and line managers must do the following:

- Read and understand this policy, the processes and procedures outlined in this policy, and any other documents the policy refers to
- Report perceived or actual conflicts of interest to the Compliance officer in accordance with the procedures defined by the Compliance officer
- Report any instance of non-compliance with this policy to the Compliance officer.

THIRD PARTY OWNERSHIP

| Name | Nature of interest |
|----------------------------|---------------------------------|
| Sanlam Investment Holdings | Shareholder in Ember Consulting |

ANNEXURE A : DISCLOSURE

The existence of actual or potential conflicts of interest, means any situation in which Ember Consulting or representative has an interest that may influence the objective performance of our obligations or may prevent us from rendering an unbiased financial service.

We have adopted and implemented a Conflict-of-Interest Management Policy and we confirm that, in the event that there is a potential conflict of interest in respect of the service rendered or the advice provided, the interest of our client will be accorded priority over our own interests. It is furthermore acknowledged that, whilst a clearly identified conflict of interest will not necessarily cause the provision of financial advice to a client to be significantly compromised, it should nonetheless be disclosed to the client. The client must be afforded the opportunity to decide for him/herself whether the conflict of interest is significant and to what extent he/she will wish to proceed with the specific financial service.

Staff Incentives:

We confirm that none of our staff are incentivised to give preference to any specific product supplier or product and where incentives based on volumes are in place, these are supported by an assessment of the quality of business sold and procedures followed.

Gifts and donations:

It is a generally accepted practice within our industry that gifts, entertainment and donations are provided by Product Suppliers to Intermediaries and vice versa. The rand value is limited per calendar year to R1 000.00 per product supplier per representative and such limitations are dealt with and managed by our Conflict-of-Interest Management Policy