



CO01 | Effective Date: 1 May 2020 | Version 3 | Next Review November 2023

CONFLICT OF INTEREST MANAGEMENT POLICY

1. INTRODUCTION AND PURPOSE

Skyblue Fund Managers (Pty) Ltd t/a Skyblue, subsidiary of Efficient Group (Pty) Ltd (“Efficient Group”), and a registered Financial Services Provider (“FSP”), is committed to avoiding, and where this is not possible, to mitigating and disclosing any conflict of interest that may arise between Skyblue, its employees, associates, and/or its clients when rendering financial services.

The objective of this Policy is

- ✦ to manage conflicts of interest within Skyblue; and
- ✦ to assist employees to identify potential and actual conflict of interest and to disclose it appropriately.

This policy has been developed in line with the requirements of the provisions of the General Code of Conduct for Authorised Financial Services Providers and Representatives. These provisions were issued under the Financial Advisory and Intermediary Services Act, 2000 Act No. 37 of 2002 (“FAIS”).

2. SCOPE

All Skyblue employees are bound by this Policy. This Policy should be read in conjunction with the following policies and procedures:

- + Efficient Group Gifts Policy;
 - + Efficient Group Anti-bribery and Corruption Policy;
 - + Efficient Group Treating Customers Fairly Policy;
 - + Efficient Group Whistleblowing Policy; and the
 - + Code of Conduct and Ethics Policy.
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3. DEFINITIONS

In this policy, unless the context otherwise indicates:

associate	<p>means</p> <ul style="list-style-type: none">a. a subsidiary or holding company of that companyb. another subsidiary of the holding companyc. any other company of which that holding company is a subsidiaryd. a company of which the holding company is the minority shareholdere. any person from whom the board of directors or governing body is accustomed to take instructions/directions fromf. any juristic person who is accustomed to taking instructions/directions from the board of directors or governing body and acting in accordance with these; org. any trust controlled or administered by the company;
conflict of interest	<p>means any situation in which Skyblue or a representative has an actual or potential interest that may, in rendering a financial service to a client:</p> <ul style="list-style-type: none">a. influence the objective performance of his/her obligations to that client; orb. prevent an FSP or a representative from rendering an unbiased and fair financial service to that client or from acting in the interest of that client, including but not limited to:<ul style="list-style-type: none">i. a financial interest; orii. an ownership interest; oriii. any relationship with a third party;
employees	<p>means full-time and part-time employees, whether temporary or permanent and includes representatives and directors;</p>
financial interest	<p>means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive, or valuable consideration, other than:</p> <ul style="list-style-type: none">a. an ownership interestb. training, that is not exclusively available to a selected group of FSPs or representatives on:<ul style="list-style-type: none">i. products and legal matters relating to those products.ii. general financial and industry informationiii. specialised technology systems of a third party necessary for the rendering of a financial service, but excluding travel and

	<p>accommodation associated with that training</p> <p>c. a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;</p>
immaterial financial interest	<p>means any financial interest with determinable monetary value, the aggregate of which does not exceed R1000 (one thousand rand) in any calendar year received from the same third party and in that calendar year, by:</p> <p>a. An FSP who is a sole proprietor</p> <p>b. A representative for the representative's direct benefit; or</p> <p>c. An FSP, who for its benefit, or some or all of its representatives aggregates the financial interest paid to its representatives;</p>
new entrant	<p>means a person who has never previously been authorised as an FSP or appointed as a representative by any FSP;</p>
ownership interest	<p>means any ownership interest which was bought for fair value and any dividend, profit share or similar benefit derived from this. Equity or proprietary interests held as an approved nominee on behalf of another person is not included in this definition;</p>
product supplier	<p>means any natural or juristic person, partnership, trust, or organ of state that issues a product;</p>
representative	<p>means any person, who renders a financial service to a client for or on behalf of Skyblue, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting, or other service in a subsidiary or subordinate capacity, which service:</p> <p>a. does not require judgment on the part of the latter person; or</p> <p>b. does not lead a client to any specific transaction in respect of a financial product in response to general enquiries. In this policy, the words "advisor", "financial advisor" and "representative" are used interchangeably;</p>
SharePoint	<p>means a web-based collaborative platform that is part of the Microsoft suite of products. It is used by Efficient Group and its subsidiaries for various purposes including document management and employee engagement;</p>
sign-on bonus	<p>means</p> <p>a. any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become an FSP or representative; and</p>

	<p>b. a financial interest referred to in paragraph (a) includes but is not limited to:</p> <p>i. compensation for the:</p> <ul style="list-style-type: none"> • potential or actual loss of any benefit including any form of income, or part thereof; or • cost associated with the establishment of a FSP's business or operations, including the sourcing of business, relating to the rendering of financial services; or <p>ii. a loan, advance, credit facility or any other similar arrangement;</p>
<p>third party</p>	<p>means</p> <p>a. a product supplier</p> <p>b. another FSP or its associate</p> <p>c. an associate of an FSP</p> <p>d. a distribution channel</p> <p>e. any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) above provides a financial interest to an FSP or its representatives</p>

4. MECHANISMS FOR IDENTIFYING, MANAGING AND DISCLOSING CONFLICTS OF INTEREST

- 4.1 The receipt and offering of gifts by employees are subject to the rules of the Efficient Group Gifts Policy and must be registered for approval by the Managing Director of Skyblue on the Efficient Group [gift register](#) on SharePoint.
- 4.2 Gifts offered and received by representatives are limited to a value of R1 000 (one thousand rand) to and from the same FSP in a calendar year.
- 4.3 All employees are required to report any potential or actual conflicts of interest to the compliance department via the online [conflict of interest register](#) available on SharePoint. The compliance department will investigate any potential or actual conflicts of interest within Skyblue to determine whether such conflicts are avoidable. If a conflict of interest is deemed avoidable, then Skyblue must adopt the necessary internal procedures or controls to ensure that the activity that gives rise to the avoidable conflict is avoided. If a conflict of interest is identified as being unavoidable, Skyblue management must establish a strategy to mitigate the risk to ensure that this conflict of interest does not negatively impact Skyblue's ability to render fair and unbiased services to affected clients.
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- 4.4 All Skyblue representatives are required to annually declare their awareness of this policy and that they are obligated to disclose any potential or actual conflict of interest by completing a Fit and Proper declaration on SharePoint.
- 4.5 When conducting performance appraisals of representatives, line management must consider measurable indicators relating to the achievement of minimum service level standard in respect of clients, the delivery of fair outcomes for clients and the quality of the representative's compliance with FAIS.
- 4.7 Skyblue may not receive a sign-on bonus from any FSP and may not offer or provide a sign-on bonus to any person.
- 4.8 Skyblue and its employees may not avoid, limit, or circumvent or attempt to avoid, limit or circumvent compliance with this policy through an associate or an arrangement involving an associate. The Efficient Group legal structure that sets out the associates of Skyblue and the ownership structure of Skyblue is attached hereto marked as **ANNEXURE A**.
- 4.9 Skyblue representatives may not refer to themselves as "independent" as Efficient Group is a significant owner of associates of Skyblue in respect of whose products or services Skyblue renders financial services.
- 4.10 All employees, clients, and other stakeholders, who have serious concerns about Skyblue's business practices, are encouraged to come forward and voice these concerns. The Efficient Group Whistleblowing Policy provides the internal rules applicable to those who wish to blow the whistle on any form of impropriety that may have occurred within Skyblue. The impropriety may include any concerns about crime, failure to comply with any legal duty (including negligence, breach of contract, and breach of administrative law), a miscarriage of justice, danger to health and safety, damage to the environment, discrimination and/or the deliberate cover up of any of these, including concerns about past, present, and future impropriety. There is also an anonymous tip-off facility available on the Skyblue website, available for employees and third parties to blow the whistle whilst wishing to remain anonymous.

5. FINANCIAL INTEREST OFFERED AND RECEIVED

- 5.1 Skyblue and its representatives may only receive, or offer, the following financial interest from or to a third party:
- a. Commission authorised under the Long-Term Insurance Act No. 52 of 1998 ("LTIA") or the Short-Term Insurance Act No. 131 of 1998 ("STIA");
 - b. Commission authorised under the Medical Schemes Act No. 131 of 1998 ("MSA");
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- c. Fees authorised under the LTIA, the STIA or the MSA if those fees are reasonably commensurate with the service being rendered;
 - d. Fees for the rendering of a financial service in respect of which commission or fees referred to in (a) to (c) above, is not paid, if those fees:
 - i. are specifically agreed to by a client in writing, and
 - ii. may be stopped at the discretion of that client;
 - e. 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.
 - f. Subject to any other law, an immaterial financial interest; and
 - g. A financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate with the value of the financial interest is paid by another FSP or representative at the time of receipt thereof.
- 5.2 Skyblue or its representatives may only receive or offer financial interests referred to in 5.1 (c),(d) and (e) if:
- a. those financial interests are reasonably commensurate with the service being rendered, considering the nature of the service and the resources, skills and competencies reasonably required to perform it.
 - b. the payment of those financial interests does not result in Skyblue, or its representatives being remunerated more than once for performing a similar service.
 - c. any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated; and
 - d. the payment of those financial interests does not impede the delivery of fair outcomes to clients.
- 5.3 Skyblue as a rule concludes employment agreements with all representatives that it authorises and appoints under its FSP license.
- 5.3.1 Such licensed representatives are entitled to remuneration that consists of either commission (i.e. a share of the total revenue that the representative generates), or a fixed salary. The representative may in addition also be entitled to a financial bonus or other incentive, suffice to say that any such additional incentives will never compromise the quality of the advice offered or the products recommended.
- 5.3.2 Skyblue continuously endeavour to offer solutions that are developed, managed, and controlled by us or, at our behest, by our associates. The intention behind these solutions is to ultimately create value for our clients by providing holistic financial services and -advice that can be accessed by the client through a single point of entry, their representative, whilst at the same time allowing us to manage advice- and
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investment risk in a controlled environment. To this end, our representatives are actively encouraged to offer the solutions that Skyblue or its associates develop and manage, to their clients, including specifically the solutions offered by the following associates:

- + Investment Management solutions (i.e. either single- or multi-managed collective investment scheme portfolios) offered by co-naming partners of Boutique Collective Investments RF (Pty) Ltd, a management company licenced as such in terms of the *Collective Investment Schemes Control Act*.
- + Discretionary Investment Management solutions offered by Boutique Investment Partners (Pty) Ltd (FSP 45011) and Naviga Solutions (Pty) Ltd (FSP381).

Where investments are made into solutions offered by the above associates, such investments are managed in terms of a discretionary mandate signed by the client (where applicable) and the performance thereof is independently monitored by the responsible Discretionary Investment Manager.

6. ROLES AND RESPONSIBILITIES

6.1 The compliance department:

- a. is responsible for continuously monitoring compliance with this policy and reporting on any findings to the management of Skyblue and the Group Chief Compliance Officer;
- b. must review this policy annually or more frequently in the event of legislative changes;
- c. must provide training and general awareness on the requirements of this Policy; and
- d. oversee that this policy is published on the Skyblue website easily accessible by all clients.

6.2 Employees are responsible to:

- a. log conflicts of interest on the conflict of interest register on SharePoint; and
- b. report any suspicions of non-compliance with this Policy to the compliance department immediately or make use of the anonymous tip-off facility on the Skyblue website.

6.3 Skyblue senior management must discuss identified conflict of interests and mitigation plans must be discussed at the Skyblue Quarterly Meetings and must be recorded in the minutes of such meetings.

6.4 Representatives should make the Skyblue conflict of interest policy available to clients upon request and must disclose any potential conflict of interest pertaining to a specific client to that

client, if applicable.

7. RECORDKEEPING

Records pertaining to identified or potential conflicts of interests e.g., the gift register, the conflicts of interest register, and any other applicable records, and mitigation action must be kept for a period of at least five years from date of identification.

8. CONSEQUENCES OF NON-COMPLIANCE

Breach of this policy by any employee may result in disciplinary action being taken against the employee, in accordance with Efficient Group's Disciplinary Policy as amended from time to time. Providing false or misleading information or concealing material facts relating to activities logged, or that must be logged in the conflicts of interest register is, in addition to being a disciplinary action, a punishable offence. Such conduct can, on conviction, lead to a fine of up to R1 million or imprisonment for up to 10 years.

9. IMPLEMENTATION

This policy will be made available to all employees on the Efficient Group SharePoint intranet platform and the compliance team will monitor adherence to this policy.

10. POLICY MAINTENANCE AND APPROVAL

The compliance manager is the owner of this policy and will review it at least annually, to ensure it remains relevant and compliant. This policy has been approved by the Board of Directors, by means of a board resolution and any changes thereto are subject to the approval of the Board.

ANNEXURE A – LIST OF ASSOCIATED COMPANIES OF SKYBLUE

