

Conflict Of Interest Management Policy

Effective date 1 June 2020

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1. INTRODUCTION AND PURPOSE

Efficient Benefit Consulting (Pty) Ltd (“CAELUM ACTUARIES AND CONSULTANTS”), a subsidiary of Caelum Actuaries and Consultants(Pty) Ltd (“Efficient Group”), and a registered Financial Services Provider (“FSP”), is committed to avoid and where avoidance is not possible, to mitigate and disclose any conflict of interest that may arise between CAELUM ACTUARIES AND CONSULTANTS, its employees, associates, and/or its clients when rendering financial services. The objective of this Policy is

- + to manage conflict of interest within CAELUM ACTUARIES AND CONSULTANTS; 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 Service Providers and Representatives (“General Code of Conduct”) issued under the Financial Advisory and Intermediary Services Act, 2000 Act No. 37 of 2002 (“FAIS”).

2. SCOPE

This Policy is applicable to all employees of CAELUM ACTUARIES AND CONSULTANTS and must be read in conjunction with the following Caelum Actuaries and Consultants policies:

- Conflict of Interest Management Policy;
- Gifts Policy;
- Anti-bribery and Corruption Policy;
- Treating Customers Fairly Policy;
- Code of Conduct and Ethics Policy; and the
- Whistleblowing Policy.

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 CAELUM ACTUARIES AND CONSULTANTS;b. another subsidiary of the holding company;c. any other company of which that holding company is a subsidiary;d. a company of which the holding company is the minority shareholder;e. any person from whom the board of directors or governing body of CAELUM ACTUARIES AND CONSULTANTS is accustomed to take instructions/directions from;f. any juristic person who is accustomed to taking instructions/directions from the board of directors or governing body of CAELUM ACTUARIES AND CONSULTANTS and acting in accordance with these; org. any trust controlled or administered by CAELUM ACTUARIES AND CONSULTANTS;
conflict of interest	<p>means any situation in which CAELUM ACTUARIES AND CONSULTANTS or a representative of CAELUM ACTUARIES AND CONSULTANTS 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 CAELUM ACTUARIES AND CONSULTANTS or a representative of CAELUM ACTUARIES AND CONSULTANTS 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.iii. any relationship with a third party;
employees	<p>means full-time and part-time employees, whether temporary or permanent and includes</p> <p>directors, representatives, juristic representatives and independent consultants of CAELUM ACTUARIES AND CONSULTANTS;</p>

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, other than:

- a. an ownership interest.
- b. training, that is not exclusively available to a selected group of FSPs or representatives on:
 - i. products and legal matters relating to those products.
 - ii. general financial and industry information
 - iii. specialised technology systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.
- c. a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;

new entrant	means a person who has never previously been authorised as an FSP or appointed as a representative by any FSP;
ownership interest	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.
product supplier	means any natural or juristic person, partnership, trust, or organ of state that issues a product;
representative	<p>means any person, who renders a financial service to a client for or on behalf of an FSP, 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> <ol style="list-style-type: none"> a. does not require judgment on the part of the latter person; or 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 “advisors”, “financial advisor” and “representative” are used interchangeably; and it includes juristic representatives
senior management	means the individuals who are individually and jointly responsible for managing and overseeing the business activities of the FSP on a daily basis.
SharePoint	means a web-based collaborative platform used by the Caelum Actuaries and Consultants and its subsidiaries for various purposes including document management and employee engagement;
sign-on bonus	<p>means:</p> <ol style="list-style-type: none"> 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 b. a financial interest referred to in paragraph (a) includes but is not limited to: <ol style="list-style-type: none"> i. compensation for the: <ol style="list-style-type: none"> a) potential or actual loss of any benefit including any form of income, or part thereof; or b) 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 ii. a loan, advance, credit facility or any other similar arrangement;

means:

- a. a product supplier.
- b. another FSP or its associate.
- c. an associate of an FSP.
- d. a distribution channel.
- 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.

4. STANDARD 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 Caelum Actuaries and Consultants Gifts Policy and must be registered for approval by the Managing Director (MD) on CAELUM ACTUARIES AND CONSULTANTS on the [gift register](#) on SharePoint. Gifts exceeding R200 offered or received by the MD of CAELUM ACTUARIES AND CONSULTANTS is subject to the approval of the Chief Executive Officer of the relevant cluster of companies.
- 4.2 Gifts offered and received by representatives are limited to a value of R1000 (one thousand rand) from the same FSP in a calendar year.
- 4.3 All employees are required to report any potential or actual conflicts of interest via the online [conflict of interest register](#) available on SharePoint for the consideration of the MD.
- 4.4 The MD or other senior management may request the compliance department to investigate any potential or actual conflicts of interest within CAELUM ACTUARIES AND CONSULTANTS to determine whether such conflicts are avoidable. If a conflict of interest is deemed avoidable, then senior management 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, senior management must establish a strategy to mitigate the risk to ensure that this conflict of interest does not negatively impact CAELUM ACTUARIES AND CONSULTANTS's ability to render fair and unbiased services to affected clients.
- 4.5 Representatives must provide clients with the CAELUM ACTUARIES AND CONSULTANTS FAIS disclosure documents containing the general CAELUM ACTUARIES AND CONSULTANTS conflict of interest disclosures.
- 4.6 Representatives must disclose any specific conflict of interest impacting a client to such client, together with the mitigation strategy employed as agreed with by senior management.
- 4.7 All CAELUM ACTUARIES AND CONSULTANTS representatives and key individuals are required to annually declare their awareness of this policy and that their fit and proper status via a Fit and Proper declaration. This declaration also contains conflict of interest questions that must be completed in full and truthfully.

- 4.8 When conducting performance appraisal of representatives, senior management or line managers must take into account measurable indicators relating to:
- 4.8.1 the achievement of minimum service level standards in respect of clients;
 - 4.8.2 the delivery of fair outcomes for clients; and the
 - 4.8.3 quality of the representative's compliance with FAIS.
- 4.9 All employees , except independent consultants and juristic representatives, earns a fixed monthly salary. Independent consultants earns a percentage of CAELUM ACTUARIES AND CONSULTANTS's income from a client as set out in the Independent Contractor agreement. CAELUM ACTUARIES AND CONSULTANTS's Business Development Manager earns commission at a fixed percentage of CAELUM ACTUARIES AND CONSULTANTS's revenue from a client during the first 12 months after a client was onboarded.
- 4.10 CAELUM ACTUARIES AND CONSULTANTS may not offer any financial interest to its representatives for:
- 4.10.1 giving preference to the quantity of business secured by the FSP to the exclusion of the quality of the service rendered to clients;
 - 4.10.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to that client; and
 - 4.10.3 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.
- 4.11 CAELUM ACTUARIES AND CONSULTANTS may only receive fees:
- 4.11.1 that are specifically agreed to by a client in writing, and that may be stopped at the discretion of that client; and
 - 4.11.2 for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- 4.12 CAELUM ACTUARIES AND CONSULTANTS is prohibited to offer or provide a sign-on bonus to any person, other than a new entrant as an incentive for that person to become a Category I FSP representative.
- 4.13 All employees, clients, and other stakeholders, who have serious concerns about CAELUM ACTUARIES AND CONSULTANTS's business practices, are encouraged to come forward and voice these concerns. This Caelum Actuaries and Consultants 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 the Efficient Group. The impropriety may include any concerns about crime, failure to comply with any legal duty. There is also an anonymous tip-off facility available on the CAELUM ACTUARIES AND CONSULTANTS website, available for employees and third parties to blow the whistle whilst wishing to remain anonymous.
- 4.14 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.

14 ROLES AND RESPONSIBILITIES

14.14 Senior Management

Senior management of CAELUM ACTUARIES AND CONSULTANTS are responsible to:

- 14.14.1 enforce CAELUM ACTUARIES AND CONSULTANTS's conflict of interest management policy.
- 14.14.2 ensure that the necessary controls are in place to identify and prevent conflicts of interest. If prevention is not possible, to implement controls to mitigate the risk of such conflict of interest and to oversee the necessary disclosure thereof.
- 14.14.3 ensure that the basis upon which a representative is remunerated is not contrary to the requirements of this policy.
- 14.14.4 identify any actual or potential conflict of interest in financial services offerings and receiving on an ongoing basis.
- 14.14.5 considering declarations of conflict of interest from employees and to either approve such conflicts if the necessary mitigating controls are in place or to reject such conflicts.

14.15 Representatives

CAELUM ACTUARIES AND CONSULTANTS's representatives are responsible to:

- 14.15.1 ensure that the financial services rendered are in the best interest of the client and not for their own personal gain.
- 14.15.2 immediately disclose any conflict of interest or potential conflict of interest on the conflict of interest register if and when it arises for consideration of the Managing Director.
- 14.15.3 disclose conflict of interest in writing to the client with the mitigation steps taken.
- 14.15.4 disclosing a conflict of interest, or potential conflict of interest, in writing to the relevant client with the steps implemented to mitigate the conflict of interest.

14.16 Compliance

The Compliance team is responsible for:

- 14.16.1 creating conflict of interest awareness to all employees.
- 14.16.2 assisting senior management to implement and to enforce this policy.
- 14.16.3 monitoring that this conflict of interest management policy is made available to all employees and oversee that it is published on the CAELUM ACTUARIES AND CONSULTANTS website.
- 14.16.4 monitoring adherence to this conflict of interest management policy, and reporting any potential regulatory risk to senior management and the Group Chief Compliance Officer ('CCO') in accordance with the Efficient Group's Compliance Manual.

- 14.16.5 maintaining and monitoring the Caelum Actuaries and Consultants [conflict of interest register](#) and that conflicts are considered by senior management for approval or rejection.
- 14.16.6 annually reviewing this policy.
- 14.16.7 monitoring annual fit and proper declarations to ensure that they are fully completed by all representatives and to identify any adverse findings in these declaration.
- 14.16.8 declarations of conflicts of interest and
- 14.16.9 proper recordkeeping of all monitoring activities.

14.17 Employees

Employees are responsible to:

- 14.17.1 log conflicts of interest on the conflict of interest register on SharePoint; and
- 14.17.2 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 CAELUM ACTUARIES AND CONSULTANTS website.

15 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 and representatives may be debarred if found guilty of misconduct. 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.

RECORDKEEPING

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

IMPLEMENTATION

This policy will be made available to all employees on the Caelum Actuaries and Consultants SharePoint

intranet platform and the compliance team will monitor adherence to this policy. This Policy must be published in the CAELUM ACTUARIES AND CONSULTANTS website easily accessible by all clients and other third parties and must be made available to all clients upon request.

POLICY MAINTENANCE AND APPROVAL

The CAELUM ACTUARIES AND CONSULTANTS compliance team 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 of CAELUM ACTUARIES AND CONSULTANTS by means of a resolution and any changes thereto are subject to the approval of the Board of Directors