

CP01 | First effective date: 1 May 2020 | Version 3 |  
 Review date: 1 May 2022



## CONFLICT OF INTEREST MANAGEMENT POLICY

### 1. INTRODUCTION AND PURPOSE

Efficient Benefit Consulting (Pty) Ltd (“EFBC”), a 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 EFBC, its employees, associates, and/or its clients when rendering financial services. The objective of this Policy is

- + to manage conflict of interest within EFBC; 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. These provisions were 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 EFBC and must be read in conjunction with the following Efficient Group policies:

- + Conflict of Interest Management Policy;
- + Gifts Policy
- + Anti-bribery and Corruption Policy;
- + Treating Customers Fairly Policy;
- + Code of Conduct and Ethics Policy; and
- + Whistleblowing 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"> <li>a. a subsidiary or holding company of that company.</li> <li>b. another subsidiary of the holding company.</li> <li>c. any other company of which that holding company is a subsidiary.</li> <li>d. a company of which the holding company is the minority shareholder</li> <li>e. any person from whom the board of directors or governing body is accustomed to take instructions/directions from.</li> <li>f. any juristic person who is accustomed to taking instructions/directions from the board of directors or governing body and acting in accordance with these; or</li> <li>g. any trust controlled or administered by the company;</li> </ul>
conflict of interest	<p>means any situation in which EFBC 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"> <li>a. influence the objective performance of his/her obligations to that client; or</li> <li>b. 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"> <li>i. a financial interest; or</li> <li>ii. an ownership interest.</li> <li>iii. any relationship with a third party;</li> </ul> </li> </ul>
distribution channel	<p>means:</p> <ul style="list-style-type: none"> <li>a. any arrangement between a product supplier or any of its associates and one or more FSPs or any of its associates in terms of which contractual arrangement support or services are provided to EFBC or FSPs in rendering a financial service to a client.</li> <li>b. any arrangement between two or more FSPs or any of their associates, which arrangement facilitates, supports, or enhances a relationship between EFBC or other FSP's and a product supplier.</li> <li>c. any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports, or enhances a relationship between an FSP or FSPs and a product supplier;</li> </ul>
employees	<p>means full-time and part-time employees, whether temporary or permanent and includes directors;</p>

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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> <ol style="list-style-type: none"> <li>a. an ownership interest.</li> <li>b. training, that is not exclusively available to a selected group of FSPs or representatives on: <ol style="list-style-type: none"> <li>i. products and legal matters relating to those products.</li> <li>ii. general financial and industry information</li> <li>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.</li> </ol> </li> <li>c. a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;</li> </ol>
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> <ol style="list-style-type: none"> <li>a. An FSP who is a sole proprietor.</li> <li>b. A representative for the representative's direct benefit; or</li> <li>c. An FSP, who for its benefit, or some or all of its representatives aggregates the financial interest paid to its representatives;</li> </ol>
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 a 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"> <li>a. Does not require judgment on the part of the latter person; or</li> <li>b. Does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;</li> </ol>

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sign-on bonus	<p>means:</p> <ul style="list-style-type: none"> <li>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</li> <li>b. A financial interest referred to in paragraph (a) includes but is not limited to: <ul style="list-style-type: none"> <li>i. compensation for the: <ul style="list-style-type: none"> <li>a) potential or actual loss of any benefit including any form of income, or part thereof; or</li> <li>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</li> </ul> </li> <li>ii. a loan, advance, credit facility or any other similar arrangement,</li> </ul> </li> </ul>
third party	<p>means:</p> <ul style="list-style-type: none"> <li>a. a product supplier.</li> <li>b. another FSP or its associate.</li> <li>c. an associate of an FSP.</li> <li>d. a distribution channel.</li> <li>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.</li> </ul>

#### 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 on EFBC on the gift register on SharePoint. Gifts offered and received by representatives are limited to a value of R1000 (one thousand rand) from the same FSP in a calendar year.
- 4.2 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 EFBC to determine whether such conflicts are avoidable. If a conflict of interest is deemed avoidable, then EFBC 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 negatively EFBC’s ability to render fair and unbiased services to affected clients.
- 4.3 Representatives providing advice to clients as defined in FAIS must provide clients with the EFBC FAIS disclosure documents containing the general EFBC conflict of interest disclosures.
- 4.4 Representatives must disclose any specific conflict of interest impacting a client to such client, together with the mitigation strategy employed.

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- 4.5 All EFBC 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 the Fit and Proper declaration on SharePoint.
- 4.6 When conducting performance appraisal of representatives, senior management must take into account measurable indicators relating to the achievement of minimum service level standards in respect of clients; the delivery of fair outcomes for clients and the quality of the representative's compliance with FAIS.
- 4.7 All EFBC representatives earns a fixed monthly salary. EFBC may not offer any financial interest to its representatives for:
- + giving preference to the quantity of business secured by the FSP to the exclusion of the quality of the service rendered to clients;
  - + giving preference to a specific product supplier, where a representative may recommend more than one product supplier to that client; and
  - + 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.
- 4.8 EFBC may only receive fees:
- + that are specifically agreed to by a client in writing, and that may be stopped at the discretion of that client; and
  - + for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- 4.9 The EFBC may not receive a sign-on bonus from any person and may not 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.
- 4.10 All employees, clients, and other stakeholders, who have serious concerns about EFBC's business practices, are encouraged to come forward and voice these concerns. This 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 the Efficient Group. 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 EFBC website, available for employees and third parties to blow the whistle whilst wishing to remain anonymous.
- 4.11 EFBC 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 EFBC and the ownership structure of EFBC is attached hereto marked as ANNEXURE A.

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4.12 This Policy must be published in the EFBC website easily accessible by all clients and other third parties and must be made available to all clients upon request.

## 5. ROLES AND RESPONSIBILITIES

5.1 Senior Management - Senior Management of EFBC are responsible to:

- 5.1.1 enforce EFBC's conflict of interest management policy.
- 5.1.2 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.
- 5.1.3 ensure that the basis upon which a representative is remunerated is not contrary to the requirements of the General Code of Conduct.
- 5.1.4 identify any actual or potential conflict of interest in financial services offerings and receiving on an ongoing basis.

5.2 Representatives - EFBC's representatives are responsible to:

- 5.2.1 ensure that the financial services rendered are in the best interest of the client and not for their own personal gain.
- 5.2.2 immediately disclose any conflict of interest or potential conflict of interest to the compliance team if and when it arises.
- 5.2.3 disclose conflict of interest in writing to the client with the mitigation steps taken.

5.3 Compliance - The Compliance department is responsible to:

- 5.3.1 facilitate conflict of interest awareness sessions for all employees.
- 5.3.2 assist senior management to implement and enforce EFBC's conflict of interest management policy.
- 5.3.3 ensure that EFBC's conflict of interest management policy is made available to all employees and oversee that it is published on EFBC's website.
- 5.3.4 monitor compliance with EFBC's conflict of interest management policy and report on it to the Managing Director and the Group Chief Compliance Officer ('CCO') in accordance with the Efficient Group Compliance Manual.
- 5.3.5 maintain a conflict of interest register of conflicts of interest identified or disclosed (excluding the receiving and offering of gifts that are subject to the Efficient Group Gifts policy) and the steps taken to mitigate and disclose the conflicts of interest.
- 5.3.6 monitor if conflict of interest declarations is included in the client facing disclosure documentation.
- 5.3.7 annually review the EFBC's conflict of interest policy and
- 5.3.8 monitor annual fit and proper declarations to ensure that it is completed by all representatives and to identify any adverse findings.

5.4 Employees - Employees must:

- 5.4.1 record gifts offered or received in their capacity as employees of EFBC in accordance with the Efficient Group's Gifts Policy.
- 5.4.2 record conflict of interest including any outside business activities on the conflict of interest register.

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## 6. NON-ADHERANCE

EFBC and their representatives may not avoid, limit, or circumvent or attempt to avoid, limit, or circumvent compliance with the conflict of interest provisions in the General Code of Conduct or this policy through an arrangement involving an associate. Violation of this policy by an employee may result in disciplinary action being taken against the employee in accordance with Efficient Group's Disciplinary Policy and representatives may be debarred if found guilty of misconduct.

## 7. IMPLEMENTATION

This policy will be made available to all employees on EFBC's SharePoint intranet platform. The compliance team must provide general awareness surrounding this policy. The EFBC compliance team will oversee compliance with this policy by EFBC.

## 8. POLICY MAINTENANCE

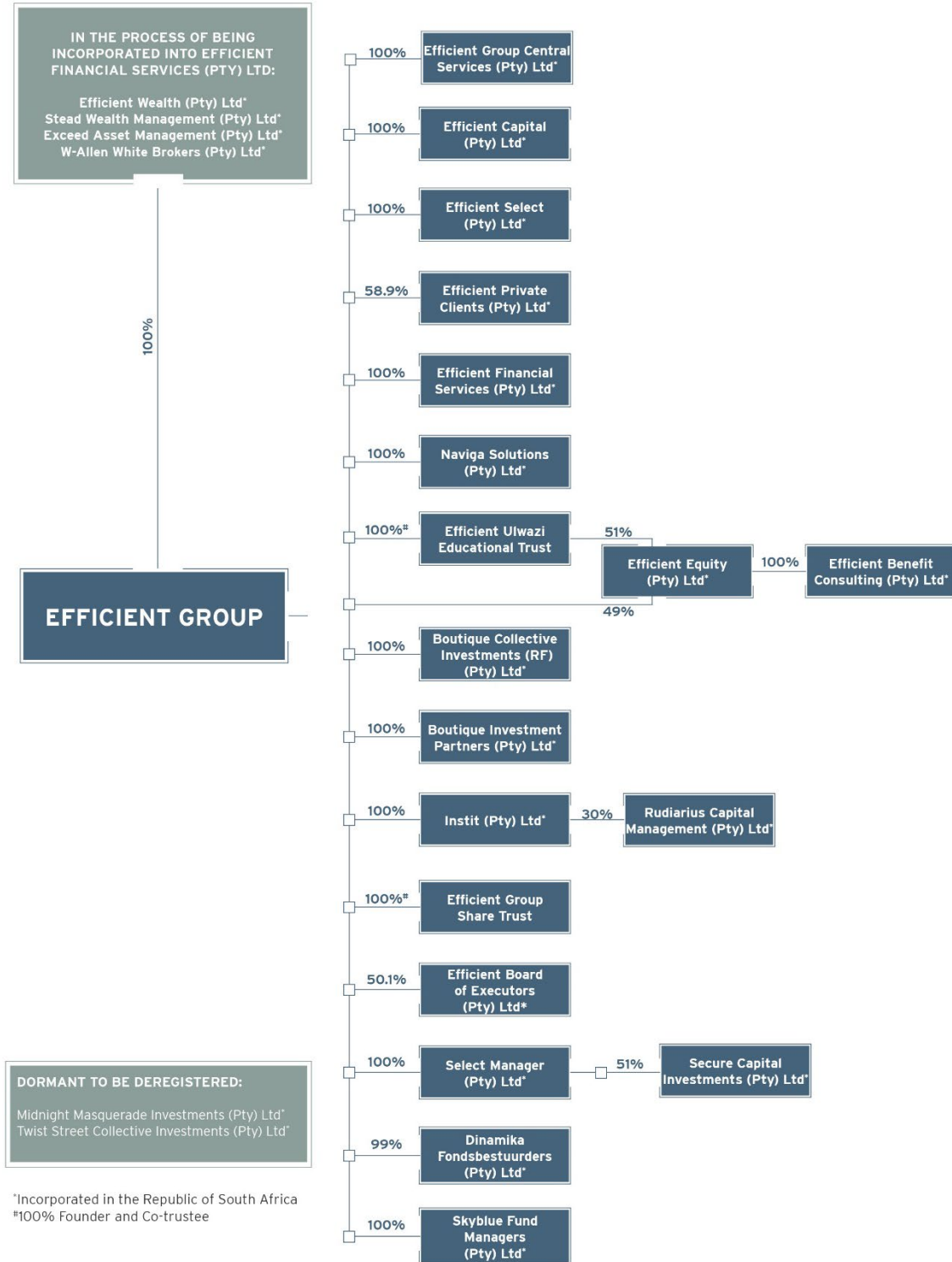
The EFBC compliance team is the owner of this policy and will review it at least annually, to ensure it remains relevant and compliant.

## 9. POLICY APPROVAL

This policy has been approved by the Board of Directors of EFBC by means of a resolution and any changes thereto are subject to the approval of the Board of Directors.

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# EFFICIENT GROUP LEGAL STRUCTURE



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