



Version 5 | First Effective Date: 19 April 2011 | Reviewed on: 28 November 2024

CONFLICT OF INTEREST MANAGEMENT POLICY

1 INTRODUCTION AND PURPOSE

In order to uphold the highest standards of integrity, transparency, and accountability, the Efficient Group (Pty) Ltd and its subsidiaries (hereinafter collectively referred to as the “Efficient Group”) is committed to preventing, managing and disclosing conflicts of interest. A conflict of interest occurs when personal, financial, or other private interests have the potential to influence or appear to influence the impartial and objective performance of employees’ duties within the Efficient Group.

The purpose of this Conflict of Interest Management Policy is to comply with the General Code of Conduct for authorised Financial Services Providers (“FSPs”) issued under the Financial Advisory and Intermediary Services Act, 2002 (the “FAIS Act”), Directive 8 of the Pension Funds Act, 1956 (“PFA”), and other applicable regulatory requirements.

The purpose of this policy is to:

- + establish procedures to identify, manage and/or avoid conflicts of interest;
- + ensure that all clients are treated fairly and are not prejudiced by any conflicts of interest.
- + promote ethical conduct and protect the interests of clients, pension fund members, and beneficiaries; and
- + provide a framework for subsidiaries of the Efficient Group on how to adapt a conflict of interest policy that caters for measures to identify, avoid, and mitigate actual and potential conflicts of interest within their respective businesses.

This policy must be read in conjunction with the following Efficient Group policies:

- + Gifts Policy;
- + Anti-bribery and Corruption Policy;
- + Personal Account Dealing Policy;
- + Treating Customers Fairly (“TCF”) Policy;
- + Personal Account Dealing Policy;
- + Code of Conduct and Ethics Policy;
- + Policy of Policies; and
- + Whistleblowing Policy.

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2 SCOPE

This policy is applicable to all subsidiaries and all employees of the Efficient Group.

3 DEFINITIONS

In this policy, unless the context otherwise indicates:

Associate	<p>means:</p> <ul style="list-style-type: none">a. a subsidiary or a holding company of that company;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 is accustomed to take instructions/directions;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; <p>or</p> <ul style="list-style-type: none">g. any trust controlled or administered by the company.
Conflict of interest	<p>means any situation in which the FSP or a representative of the FSP or Section 13B Administrator 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 the FSP or the 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;ii. an ownership interest; oriii. any relationship with a third party. <p>It also means any situation where an employee's personal interests or outside activities interfere with, or have the potential to interfere with, their duties or responsibilities to the Efficient Group.</p>

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Distribution channel	<p>means:</p> <ol style="list-style-type: none"> 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 the FSP or FSPs in rendering a financial service to a client; b. any arrangement between two or more FSPs or any of their associates, which arrangement facilitates, supports, or enhances a relationship between the FSP or FSPs and a product supplier; or 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.
Employees	means full-time and part-time employees, whether temporary or permanent, including representatives, contract workers and directors.
Gifts	<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"> a. an ownership interest; b. training that is not exclusively available to a selected group of FSPs or their representatives on: <ol style="list-style-type: none"> i. products and legal matters relating to those products; ii. general financial and industry information; or + specialised technology systems of a third party that are 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.
Key individuals	means the individuals responsible (individually and jointly) for managing and overseeing the financial business activities of the Efficient Group on a daily basis and who are registered as key individuals for this FSP.
New entrant	means a person who has never previously been authorised as a FSP or appointed as a representative by any FSP.
Outside business interest	means any business activities that an employee engages in, outside of their primary employment or professional responsibilities with the Efficient Group. These interests may include owning or being involved in another company.
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.

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Product supplier	means an entity that provides and issues financial products, e.g. insurance policies, investment products, or pension fund benefits.
Representative	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: <ul 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.
Senior management	means Managing Director, Executive of a Profit Centre or Group Functional Manager/Officer.
Sign-on bonus	means: <ul 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 a FSP or a representative; and b. a financial interest referred to in paragraph (a) includes, but is not limited to compensation for the: <ul style="list-style-type: none"> i. potential or actual loss of any benefit, including any form of income, or part thereof; or ii. 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 iii. a loan, an advance, a credit facility, or any other similar arrangement.
Significant owner	means a significant owner as described in section 157(1) and (2) of the Financial Sector Regulation Act, No. 9 of 2017.
Third party	means: <ul style="list-style-type: none"> a. a product supplier; b. another FSP or its associate.; c. an associate of an FSP; d. a distribution channel; or 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 GENERAL PRINCIPLES

4.1 All employees must act in the best interest of clients and the Efficient Group, maintaining the highest standards of honesty, fairness, and professionalism.

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4.2 Conflicts of interest should be avoided where possible. Where conflicts of interests cannot be avoided, they must be managed and disclosed in accordance with this policy at the earliest opportunity possible.

5 IDENTIFICATION OF CONFLICT OF INTEREST

5.1 The receiving and offering of gifts by employees is subject to the rules of the Efficient Group Gifts Policy and relevant legislation and must be registered for approval on the gifts register on the intranet.

5.2 Gifts offered and received by representatives of any FSP in the Efficient Group for their own direct benefit are limited to an aggregate value of R1000 (one thousand Rand) from or to the same third party in a calendar year.

5.3 All employees are required to report any potential or actual conflict of interest, which includes any outside business interest, via the online conflict of interest register available on the intranet.

5.4 Declared conflicts of interest must be investigated by Senior Management, the Human Resources ("HR") and/or Compliance Departments to ensure that necessary controls are implemented to mitigate the associated risks.

5.5 The Efficient Group maintains an anonymous tip-off feature on its website, allowing stakeholders to report their concerns regarding any unethical behaviour within the Efficient Group.

5.6 All key individuals and representatives of subsidiaries that are FSPs must complete an annual Fit and Proper Declaration that includes questions to identify any potential conflicts of interest and attest to reading the conflict of interest policies of the relevant FSPs.

6 MANAGEMENT OF CONFLICT OF INTEREST

6.1 The Efficient Group must implement and maintain a Remuneration Policy, ensuring that the remuneration structure for employees does not encourage conflicts of interest.

6.2 The Efficient Group FSPs and its representatives may only receive or offer financial interest from or to a third party in accordance with the FAIS Act.

6.3 Any Category I FSP and/or its representatives 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.

6.4 Employees who are in a situation of a conflict of interest must recuse themselves from the decision-making process related to the conflict of interest.

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7 DISCLOSURE OF CONFLICTS OF INTEREST

- 7.1 All employees must declare any conflicts of interest or any potential conflict of interest that includes outside business interests on the Efficient Group Conflict of Interest Register on the intranet.
- 7.2 In compliance with the FAIS Act, an Efficient Group FSP must provide full disclosure of any material conflict of interest to clients before providing financial advice or intermediary services.
- 7.2.1 The disclosures must:
- disclose the nature and extent of the conflict to the client in writing;
 - explain the possible risks that the conflict of interest poses to the client; and
 - obtain the client's consent to proceed with the service despite the conflict of interest.
- 7.3 FSPs within the Efficient Group cannot use the term "independent" if:
- 7.3.1 the FSP is a significant owner of any product supplier, in respect of whose products the FSP renders financial services;
- 7.3.2 a product supplier is a significant owner of the FSP;
- 7.3.3 the FSP receives any financial interest from a product supplier other than fees;
- 7.3.4 commission is authorised under the Long-term Insurance Act, No. 52 of 1998, Short-term Insurance Act, No. 53 of 1998, or Medical Schemes Act, No. 131 of 1998; or
- 7.3.5 a relationship exists between the FSP and the product supplier that may be a material conflict of interest.

8 CONFLICT OF INTEREST MANAGEMENT POLICY

- 8.1 The board of directors of an FSP and/or Section 13B Administrator must adopt a conflict of interest management policy that complies with the provisions of the FAIS Act, the PFA and the requirements of this policy as relevant.
- 8.2 The Conflict of Interest Management Policy must include:
- 8.2.1 the mechanisms used to identify a conflict of interest;
- 8.2.2 the measures used to avoid a conflict of interest and, where avoidance is not possible, the reasons why avoidance is not possible;
- 8.2.3 the measures used to manage and mitigate an unavoidable conflict of interest;
- 8.2.4 the measures used to appropriately disclose a conflict of interest to clients or potential clients;
- 8.2.5 the consequences of non-compliance;

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- 8.2.6 a list of associates and a list of names of any third party that holds ownership interest in the FSP, including the nature and the extent of the ownership; and
- 8.2.7 where applicable, the type of remuneration and other financial interest that the FSP will offer its representatives and the basis on which a representative will be entitled to such remuneration and/or financial interest. The FSP should motivate in its Conflict of Interest Management Policy how the remuneration and financial interests that are paid to representatives comply with the FAIS Act, and other relevant legislation.
- 8.3 The FSP should include a disclosure of its Conflict of Interest Management Policy on its client-facing documentation.
- 8.4 The Conflict of Interest Management Policy should be made available to all clients and prospective clients of the FSP by means of publishing it on the FSP’s website and providing it to clients upon request.
- 8.5 The Conflict of Interest Management Policy should be made available to all employees on the intranet and the necessary awareness and training should be provided to employees regarding the content of the policy.

9 ROLES AND RESPONSIBILITIES

9.1 Senior Management

The Senior Management is responsible for:

- 9.1.1 enforcing the Conflict of Interest Management Policy;
- 9.1.2 ensuring that the necessary controls are in place within the FSP to identify and to prevent conflicts of interest. If prevention of a conflict of interest is not possible, Senior Management is responsible for implementing controls to mitigate the risk of such a conflict of interest and to inform the Compliance team and HR team (as applicable) accordingly;
- 9.1.3 ensuring that the basis upon which a representative is remunerated is not contrary to the requirements of the FAIS Act;
- 9.1.4 identifying any actual or potential conflicts of interest in financial service offerings and receiving on an ongoing basis.

9.2 Representatives

The FSP’s representatives are responsible for:

- 9.2.1 ensuring that the financial services rendered are in the best interest of the client in accordance with the Efficient Group TCF policy, and not for their own personal gain;

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- 9.2.2 immediately disclosing any conflict of interest, or potential conflict of interest on the Conflict of Interest Register on SharePoint, if and when it arises; and
- 9.2.3 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.

9.3 Employees

Employees must:

- 9.3.1 record gifts offered or received in their capacity as employees of the Efficient Group on the Gifts Register on the intranet in accordance with the Efficient Group’s Gifts Policy;
- 9.3.2 declare any outside business interests on the Conflict of Interest Register on the intranet; and
- 9.3.3 obtain approval for personal account dealing (if applicable) in accordance with the Efficient Group’s Personal Account Dealing Policy.

9.4 Compliance department

The Compliance team is responsible for:

- 9.4.1 providing conflict of interest awareness training to employees;
- 9.4.2 assisting Senior Management in implementing and enforcing the Conflict of Interest Management Policy;
- 9.4.3 ensuring the policy is accessible to employees and published on the FSP’s website;
- 9.4.4 monitoring compliance with the policy and reporting potential regulatory risks to Senior Management and the Group Chief Compliance Officer;
- 9.4.5 managing the conflict of interest register and overseeing approvals or rejections by Senior Management;
- 9.4.6 reviewing the Conflict of Interest Management Policy annually; and
- 9.4.7 monitoring annual Fit and Proper Declarations to ensure completeness and identify any conflicts of interest by key individuals and representatives.

10 NON-ADHERANCE

Employees may not avoid, limit, or circumvent, or attempt to avoid, limit, or circumvent complying with the conflict of interest provisions in the FAIS Act, the PFA, 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 the Efficient Group’s Disciplinary Policy, and representatives may be debarred if found guilty of misconduct.

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11 IMPLEMENTATION

This policy will be made available to all employees on the Efficient Group intranet platform. The Compliance team will oversee and monitor compliance with this policy.

12 POLICY MAINTENANCE AND APPROVAL

The Group Chief Compliance Officer (CCO) is the owner of this policy and will review it at least annually, to ensure that it remains relevant and compliant. This policy has been approved by the Efficient Group Executive Committee (“EXCO”) and any changes thereto are subject to the approval of the EXCO.

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