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## CONFLICT OF INTEREST MANAGEMENT POLICY



### 1. PURPOSE

Efficient Private Clients (Pty) Ltd (“EFPC”), 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 EFPC, its employees, associates, and/or its clients when rendering financial services. The objective of this policy is

- to manage conflict of interest within EFPC; 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

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

- [Efficient Group Conflict of Interest Management Policy](#);
  - [Efficient Group Gifts Policy](#);
  - [Efficient Group Anti-bribery and Corruption Policy](#);
  - [Efficient Group Personal Account Dealing Policy](#);
  - [Efficient Group Treating Customers Fairly Policy](#);
  - [Efficient Group Whistleblowing Policy](#); and
  - [EFPC Personal Account Dealing Procedure](#).
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### 3. DEFINITIONS

In this policy, unless the context otherwise indicates:

<b>associate</b>	means: <ul style="list-style-type: none"><li>a. subsidiary or holding company of EFPC;</li><li>b. another subsidiary of Efficient Group;</li><li>c. any person from whom the Board of Directors of EFPC is accustomed to take instructions or directions;</li><li>d. any juristic person who is accustomed to taking instructions or directions from the Board of Directors of EFPC and acting in accordance with these; or</li><li>e. any trust controlled or administered by EFPC;</li></ul>
<b>conflict of interest</b>	means any situation in which EFPC, or a representative of EFPC, has an actual or potential interest in rendering a financial service to a client that may: <ul style="list-style-type: none"><li>a. influence the performance objective of his/her obligations to that client; or</li><li>b. prevent EFPC 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;</li><li>ii. an ownership interest; or</li><li>iii. any relationship with a third party;</li></ul></li></ul>
<b>employee</b>	means full-time and part-time staff members of EFPC, whether temporary or permanent, and includes directors, interns, and agents.
<b>financial interest</b>	means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives, or valuable consideration, other than: <ul style="list-style-type: none"><li>a. an ownership interest;</li><li>b. training that is not exclusively available to selected group FSPs or representatives on:<ul style="list-style-type: none"><li>i. products and legal matters relating to those products;</li><li>ii. general financial and industry information; and</li><li>iii. specialised technology systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with such training;</li></ul></li></ul>

<b>immaterial financial interest/gift</b>	<p>means any financial interest (defined above) with determinable monetary value, the aggregate of which does not exceed R1000 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>
<b>new entrant</b>	<p>means a person who has never previously been authorised as an FSP or appointed as a representative by any FSP;</p>
<b>ownership interest</b>	<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>
<b>product supplier</b>	<p>means any natural or juristic person, partnership, trust, or organ of state that issues a product;</p>
<b>representative</b>	<p>means any person, who renders a financial service to a client for or on behalf of EFPC, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting, or other service which service:</p> <ol style="list-style-type: none"> <li>a. does not require judgement 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>
<b>senior management</b>	<p>means the individuals who are individually and jointly responsible for managing and overseeing the business activities of the FSP on a daily basis;</p>
<b>sign-on bonus</b>	<p>means:</p> <ol 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: <ol style="list-style-type: none"> <li>i. compensation for the: <ul style="list-style-type: none"> <li>• potential or actual loss of any benefit including any form of income, or part thereof; or</li> <li>• costs associated with the establishment of an FSP's business or operations, including the sourcing of business, relating to</li> </ul> </li> </ol> </li> </ol>

	<p>the rendering of financial services; or</p> <p>ii. a loan, advance, credit facility or any other similar arrangement;</p>
<b>SharePoint</b>	means a web-based collaborative platform used by Efficient Group for various purposes, including document management and employee engagement;
<b>third party</b>	<p>means:</p> <p>a. a product supplier;</p> <p>b. another FSP or its associate;</p> <p>c. an associate of EFPC; and</p> <p>d. any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to EFPC 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 (MD) of EFPC on the Efficient Group [gift register](#) on SharePoint. Any gifts offered or received by the Managing Director of EFPC 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 Personal account trading by employees is subject to the Efficient Group Personal Account Trading Policy and the [EFPC Personal Account Trading Procedure](#). Personal account trades by employees are subject to pre-approval by the Chief Investment Officer of EFPC or, alternatively, the MD of EFPC.
- 4.4 All employees are required to report any potential or actual conflicts of interest via the online [conflict of interest register](#) available on SharePoint. The MD and/or the Compliance team will investigate any potential or actual conflicts of interest declared on this register 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 in consultation with the compliance team must establish a strategy to mitigate the risk to ensure that this conflict of interest does not negatively impact EFPC's ability to render fair and unbiased services to affected clients.
- 4.5 Representatives providing advice to clients as defined in FAIS must provide clients with the EFPC FAIS disclosure documents containing the general EFPC conflict of interest disclosures.
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Representatives must disclose any specific conflict of interest that impact them, together with the mitigation strategy employed on the client-facing documentation.

- 4.6 All EFPC key individuals and representatives are required to disclose any potential or actual conflict of interest by completing the annual Fit and Proper declaration on SharePoint.
  - 4.7 When conducting performance appraisals 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.
  - 4.8 One representative in EFPC earns a pre-determined fee for execution-only investment services. All other representatives within EFPC earn a fixed monthly salary.
  - 4.9 EFPC may not offer any financial interest to its representatives for giving preference to:
    - a. the quantity of business secured by the FSP to the exclusion of the quality of the service rendered to clients;
    - b. a specific product supplier, where a representative may recommend more than one product supplier to that client; and
    - c. a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.
  - 4.10 EFPC as FSP may only receive fees:
    - a. that are specifically agreed to by a client in writing, and that may be stopped at the discretion of that client; and
    - b. for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
  - 4.11 The EFPC 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.
  - 4.12 All employees, clients, and other stakeholders, who have serious concerns about EFPC'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 EFPC website.
  - 4.13 EFPC 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
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associate. The Efficient Group legal structure that sets out the associates of EFPC and the ownership structure of EFPC is attached hereto marked as **ANNEXURE A**.

- 4.14 This policy must be published in the EFPC 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**

The senior management of the FSP is responsible for:

- 5.1.1 enforcing the standards and rules of this policy;
- 5.1.2 ensuring that the necessary controls are in place within EFPC to identify and to prevent conflicts of interest. If prevention of a conflict 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 accordingly;
- 5.1.3 ensuring that the basis upon which a representative is remunerated is not contrary to the requirements of the FAIS General Code of Conduct; and
- 5.1.4 identifying any actual or potential conflicts of interest in financial service offerings and receiving on an ongoing basis;
- 5.1.5 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.

### **5.2 Representatives**

The FSP's representatives are responsible for:

- 5.2.1 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;
  - 5.2.2 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
  - 5.2.3 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.
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### **5.3 Compliance**

The Compliance team is responsible for:

- 5.3.1 creating conflict of interest awareness amongst all employees;
- 5.3.2 assisting senior management with the implementation and the enforcement this policy;
- 5.3.3 monitoring that the conflict of interest management policy is made available to all employees and overseeing that it is published on EFPC's website;
- 5.3.4 monitoring compliance with this policy and the Efficient Group 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;
- 5.3.5 maintaining and monitoring the Efficient Group [conflict of interest register](#) and ensuring that conflicts are considered by senior management for approval or rejection;
- 5.3.6 annually reviewing the EFPC's Conflict of Interest Management Policy; and
- 5.3.7 monitoring annual fit and proper declarations to ensure that they are fully completed by all representatives and to identify any declarations of conflicts of interest .

### **5.4 Employees**

Employees must:

- 5.4.1 record gifts offered or received in their capacity as employees of Efficient Group on the [gifts register](#) on SharePoint in accordance with the Efficient Group's Gifts Policy;
- 5.4.2 report any potential or actual conflicts of interest via the online [conflict of interest register](#) that is available on SharePoint;
- 5.4.3 declare any outside business interests on the [conflict of interest register](#) on SharePoint; and
- 5.4.4 obtain approval for personal account dealing (if applicable) in accordance with the Efficient Group Personal Account Dealing Policy.

## **6. RECORDKEEPING**

Records pertaining to identified or potential conflicts of interests, e.g., the gift register, the conflicts of interest register, the personal account trading 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.

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## **7. CONSEQUENCES OF NON-COMPLIANCE**

Violation of this policy by any employee may result in disciplinary action being taken against the employee, in accordance with the Efficient Group Disciplinary Policy. Providing false or misleading information, or concealing material facts relating to activities logged, 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.

## **8. IMPLEMENTATION, TRAINING AND GENERAL AWARENESS**

This policy is made available to all employees on SharePoint. The Compliance Department will ensure that general awareness of this policy is created.

## **9. POLICY MAINTENANCE AND APPROVAL**

This policy has been reviewed by the Group Chief Compliance Officer and is approved by the EFPC Board of Directors. The Group Chief Compliance Officer will review this policy annually and any changes thereto are subject to the approval of the EFPC Board of Directors.

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**ANNEXURE A**

