

EFFICIENT FINANCIAL SERVICES (PTY) LTD

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16 October 2023

CONFLICT OF INTEREST MANAGEMENT POLICY



1. INTRODUCTION AND PURPOSE

Efficient Financial Services (Pty) Ltd t/a Efficient Wealth (“EFW”), 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 EFW, its employees, associates, and/or its clients when rendering financial services. The objective of this Policy is

- to manage conflicts of interest within EFW; 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 (“GCOC”). These provisions were issued under the Financial Advisory and Intermediary Services Act, 2000 Act No. 37 of 2002 (“FAIS”).

2. SCOPE

All EFW employees are bound by this Policy. This Policy should 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;
- + Whistleblowing Policy;
- + Levels of Authority and the

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2. 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 EFW. 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 EFW is accustomed to take instructions/directions from; f. any juristic person who is accustomed to take instructions/directions from the board of directors or governing body of EFW and acting in accordance with these; or g. any trust controlled or administered by EFW;
conflict of interest	<p>means any situation in which EFW, or a representative of EFW 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; or b. prevent EFW or a representative of EFW 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; or ii. an ownership interest; or iii. any relationship with a third party;
employees	<p>means full-time and part-time employees, whether temporary or permanent and includes representatives, directors, juristic representatives, independent contractors and agents of EFW;</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 interest;

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	<p>b. training, that is not exclusively available to a selected group of FSPs or representatives on:</p> <ol style="list-style-type: none"> i. products and legal matters relating to those products; ii. general financial and industry information; and iii. specialised technology systems of a third party necessary for the rendering of a financial service, but excludes travel and accommodation associated with that training;
gifts	<p>means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It includes services as well as gifts consisting of training, transportation, local travel, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred;</p> <ul style="list-style-type: none"> • 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 EFW, and/or a representative or key individual of EFW for their direct benefit
juristic representative	<p>means a person that is a company or a close corporation that is appointed as a representative of a particular financial services provider (FSP) to render a specific financial service on behalf of that FSP.</p>
key individual ("KI")	<p>means the individuals in an FSP that are responsible for managing and overseeing the activities related to the rendering of any financial services. These individuals are registered with the Regulator in accordance with the FAIS</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>
product provider	<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 EFW, 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"> 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;

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	Reference to representative includes a juristic representative of EFW.
Senior management	means people, so appointed, who are individually or jointly responsible for managing or overseeing the business activities of EFW on a day-to-day basis and includes the Board of Directors;
SharePoint	means a web-based collaborative platform used by Efficient Group for various purposes, that includes document management and employee engagement;
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 an FSP or representative; and b. a financial interest referred to in paragraph (a) includes but is not limited to: <ul style="list-style-type: none"> i. compensation for the: <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 ii. a loan, advance, credit facility or any other similar arrangement;
third party	means <ul style="list-style-type: none"> a. a product provider; b. another FSP or its associate; c. an associate of EFW; and d. a distribution channel; e. any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to EFW or its representatives.

4. IDENTIFYING AND MANAGING CONFLICTS OF INTEREST

4.1 The receipt and offering of gifts by employees are subject to the rules of the Efficient Group

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Gifts Policy and must be registered for approval by the Managing Director (“MD”) of EFW on the Efficient Group [gift register](#) made available on SharePoint. Gifts offered or received by the MD of EFW 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 R1 000 (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 of EFW or in the alternative the CEO of the Efficient Group Wealth, Risk and Investment Cluster.
- 4.4 The MD or other senior management may request the compliance department to investigate any potential or actual conflicts of interest within EFW 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 EFW’s ability to render fair and unbiased services to affected clients.

5. DISCLOSING CONFLICTS OF INTEREST

- 5.1 Representatives must provide clients with the EFW FAIS disclosure documents containing the general EFW conflict of interest disclosures that includes disclosure of this policy.
- 5.2 Representatives must disclose any specific conflict of interest to such client, together with the steps to avoid or to mitigate the conflicts of interest as agreed with by senior management.
- 5.3 All EFW 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.

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5.4 EFW continuously endeavour to offer solutions that are developed, managed, and controlled by EFW or, at our behest, by our associates. The Efficient Group ownership structure that sets out the list of associates of EFW attached hereto marked as **ANNEXURE**

A. 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 investment risk in a controlled environment.

5.5 Our representatives are actively encouraged to offer the solutions that EFW or its associates develop and manage, to their clients, including specifically the solutions offered by the following associates:

5.5.1 Discretionary investment management solutions (i.e. individual share portfolios) offered by Efficient Private Clients (Pty) Ltd (FSP licence number 47481).

5.5.2 Discretionary Investment Management solutions (i.e. multi-managed model- or collective investment scheme portfolios) offered by Naviga Solutions (Pty) Ltd (FSP licence number 381), Select Manager (Pty) Ltd (FSP licence number 928), Efficient Select (Pty) Ltd (FSP licence number 859)

5.5.3 Health services offered by Efficient Healthcare Consulting, a division of EFW.

5.5.4 Non-life insurance services offered by Efficient Insure Advisory Services (Pty) Ltd (FSP license number 43044).

5.5.5 Fiduciary services offered by Efficient Board of Executors (Pty) Ltd.

5.5.6 Employee benefit solutions offered by Efficient Benefit Consulting (Pty) Ltd (FSP licence number 48026).

5.6 When recommending a solution provided by any of the above associates of EFW, a conflict of interest inherently exist as our representatives are not deemed independent in terms of the FAIS GCOC, due to the ownership association between EFW and the associates listed in **ANNEXURE A**. The existence of this conflict is a consequence of our ownership and operating structure and our client value proposition and cannot be mitigated by EFW other through disclosure in this policy.

5.7 A representative may recommend one or more of the solutions offered by us or our associates, but the final choice whether or not to accept the recommendation, with full

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knowledge of the conflict of interest as disclosed in this policy, lies with the client. Should the client not accept the recommendation, the representative shall record the client's decision and shall recommend another, independent solution that similarly addresses the client's unique needs. EFW may, from a risk management perspective (i.e. from an investment advice risk- and investment performance monitoring perspective) encourage its advisors to convert client assets to solutions provided by any of EFW's associates, but only if it is in the client's best interest to do so (from a client cost, -risk and - investment performance perspective) and only if the client specifically agrees to it.

5.8 A representative may not use his / her discretion, in terms of a discretionary mandate signed by the client, to affect such conversions. The reasons for the conversion must be recorded in writing and provided to the client. Any such conversions, even with the client's consent, is subject to the proper disclosure by the advisor to the client of the existing conflict of interest through the Efficient Group ownership association.

5.9 No financial reward is offered to any EFW financial advisor for specifically recommending an associate's solutions, other than in the following circumstances:

5.9.1 A marketing and distribution agreement has been concluded with Efficient Private Clients (Pty) Ltd (an associate company of EFW). In terms of this agreement, EFPC may pay a distribution fee to the EFW advisor. The distribution fee will take the form of either a referral fee (if the EFW advisor is not licenced to provide advice in respect of shares and similar instruments), or an advice fee (if the EFW advisor is licenced to provide advice in respect of shares and similar instruments).

5.9.2 This agreement, and the payment of a referral or advice fee as explained above, has specifically been concluded to allow the advisor the opportunity to earn a fee for the advice provided to a client, specifically where the share portfolio is administered on a stock broking platform (i.e. stockbroking platforms do not generally provide for the payment of advice fees). However, where the share portfolio is hosted indirectly on a Linked Investment Service Provider (LISP) platform, the advisor will either charge an advice fee on the LISP platform, or he will choose to charge an advice fee through EFPC, but the advisor is not authorised to charge both fees. These referral or advice fees are subject to the rules in paragraph 6 below.

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6. FEES AND REMUNERATION AND OTHER FINANCIAL INTEREST

6.1 EFW 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 or a combination of commission and 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.

6.2 EFW may not offer any financial interest to its representatives for:

- a. giving preference to the quantity of business secured by the FSP to the exclusion of the quality of the service rendered to clients;
- b. giving preference to a specific product provider, where a representative may recommend more than one product provider to that client; and
- c. giving preference to a specific product of a product provider, where a representative may recommend more than one product of that product provider to a client.

6.3 EFW and its representatives may only receive the following financial interest from a third party:

- a. fees that are specifically agreed to by a client in writing, and that may be stopped at the discretion of that client; and
- b. fees or other financial interest for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- c. Commission authorised under the Long-Term Insurance Act No. 52 of 1998 (“LTIA”) or the Short-Term Insurance Act No. 131 of 1998 (“STIA”);
- d. Commission authorised under the Medical Schemes Act No. 131 of 1998 (“MSA”);

6.4 EFW or its representatives may only receive financial interests if the payment of those financial interests does not result in EFW, or its representatives being remunerated more than once for performing a similar service.

6.5 EFW may only receive or pay financial interests that does not impede the delivery of fair outcomes to clients.

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6.6 EFW 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.

7. ROLES AND RESPONSIBILITIES

7.1 Senior Management

Senior management of EFW are responsible to:

- 7.1.1 enforce EFW's conflict of interest management policy.
- 7.1.2 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 and to oversee the necessary disclosure thereof.
- 7.1.3 ensure that the basis upon which a representative is remunerated is not contrary to the requirements of this policy.
- 7.1.4 identify any actual or potential conflict of interest in financial services offerings and receiving on an ongoing basis.
- 7.1.5 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.
- 7.1.6 When conducting performance appraisal of representatives, senior management and line managers must take into account measurable indicators relating to:
 - 7.1.7 the achievement of minimum service level standards in respect of clients;
 - 7.1.7.1 the delivery of fair outcomes for clients; and the
 - 7.1.7.2 quality of the representative's compliance with FAIS.

7.2 Representatives

EFW's representatives are responsible to:

- 7.2.1 ensure that the financial services rendered are in the best interest of the client and not for their own personal gain.
- 7.2.2 immediately disclose any conflict of interest or potential conflict of interest on the conflict of interest register.
- 7.2.3 disclose conflict of interest in writing to the client with the mitigation or avoidance steps taken.

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7.3 Compliance

The Compliance team is responsible for:

- 7.3.1 creating conflict of interest awareness to all employees.
- 7.3.2 assisting senior management to implement and to enforce this policy.
- 7.3.3 monitoring that this conflict of interest management policy is made available to all employees and oversee that it is published on the EFW website.
- 7.3.4 monitoring adherence to this conflict of interest management policy and the effectiveness of the controls in this 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.
- 7.3.5 maintaining and monitoring the Efficient Group conflict of interest register
- 7.3.6 annually reviewing this policy.
- 7.3.7 monitoring annual fit and proper declarations to ensure that they are fully completed by all representatives and to identify any adverse findings in these declarations.
- 7.3.8 declarations of conflicts of interest and
- 7.3.9 proper recordkeeping of all monitoring activities.

7.4 Employees

- 7.4.1 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.
- 7.4.2 Employees are responsible to log gifts on the gift register and conflicts of interest of the conflict of interest register on SharePoint; and
- 7.4.3 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 EFW website.

8. 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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9. NON-ADHERENCE

- 9.1 Breach of this policy by any employee may result in disciplinary action being taken in accordance with the Efficient Group's Disciplinary Policy as amended from time to time and representative may be debarred if found guilty of misconduct.
- 9.2 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.
- 9.2 All employees, clients, and other stakeholders, who have serious concerns about EFW'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. There is also an anonymous tip-off facility available on the EFW's website, available for employees and third parties to blow the whistle whilst wishing to remain anonymous.

10. 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. This Policy must be published on the EFW website, easily accessible by all clients and other third parties and must be made available to all clients upon request.

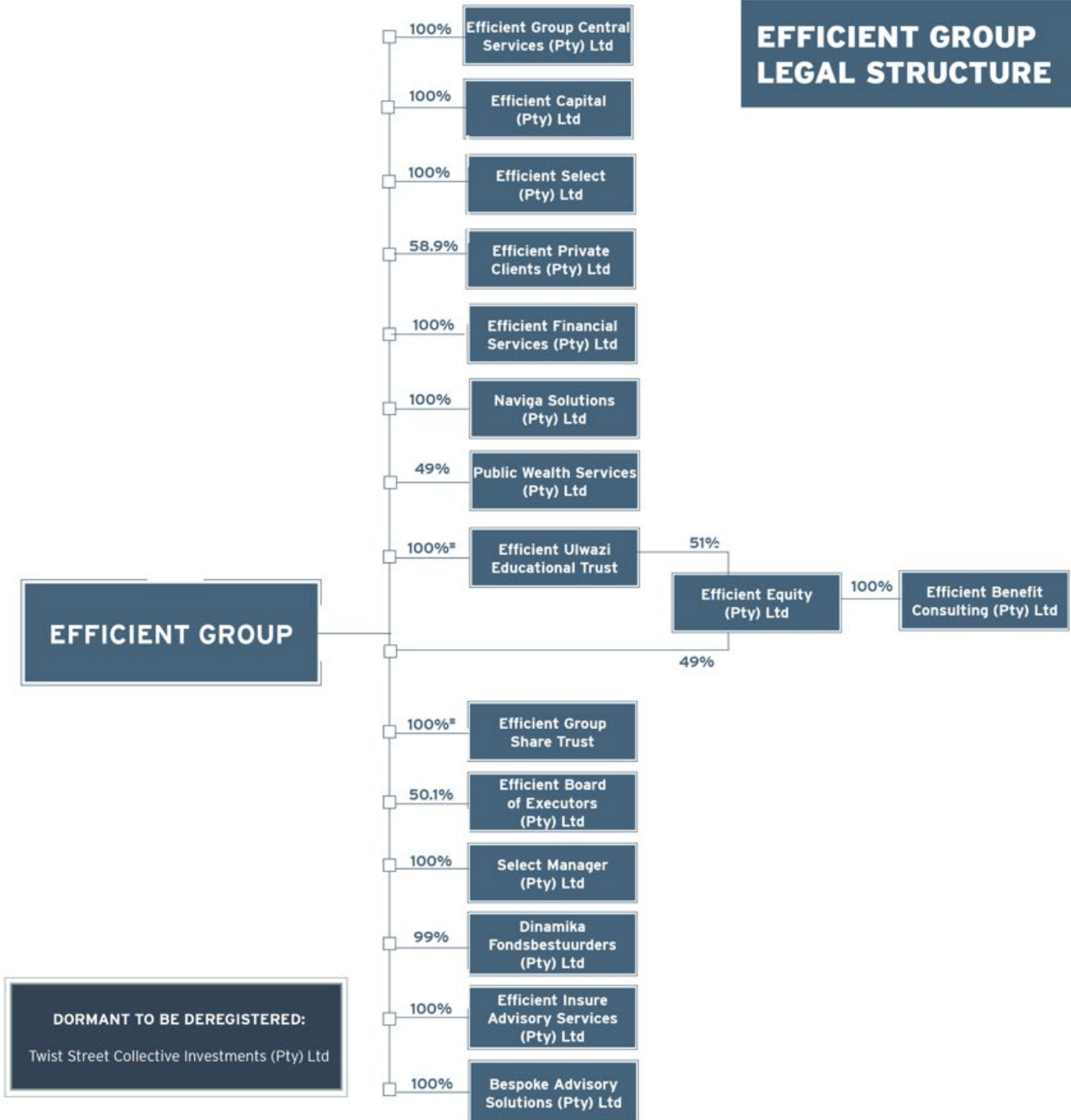
11. POLICY MAINTENANCE AND APPROVAL

The EFW 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 EFW by means of a resolution and any changes thereto are subject to the approval of the Board of Directors.

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Annexure A

EFFICIENT GROUP LEGAL STRUCTURE



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