

CONFLICT OF INTEREST MANAGEMENT POLICY

1. Scope

This policy is applicable to all subsidiaries of Efficient Group Limited that are registered as Financial Services Providers (“FSPs”) (hereinafter referred to as subsidiaries or FSPs), as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (“FAIS”) and its employees. This policy must be read in conjunction with the following Efficient Group policies:

- + Gifts Policy;
- + Anti-bribery and Corruption Policy;
- + Personal Account Dealing Policy;
- + Trading in Company Shares Policy;
- + Personal Relationship Policy;
- + Treating Customers Fairly Policy; and
- + Whistleblowing Policy.

2. Purpose

The FAIS General Code of Conduct for Authorised Financial Services Providers, Board Notice 80 of 2003 and amended by Board Notice 58 of 2010, requires that FSPs must have a conflict of interest management policy. This is to ensure that conflict of interest is managed appropriately to the business.

The aim of this Policy is to provide the subsidiaries with a framework on how to:

- + identify conflicts of interest;
- + avoid conflicts of interest;
- + and if not possible to avoid, mitigate conflicts of interest; and
- + disclose conflicts of interest.

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

3. Definitions

Associate	<p>As defined in the FAIS Act, in relation to a natural person an associate means:</p> <ol style="list-style-type: none"> a. The spouse, life partner or civil union partner of that person; b. A child (including a stepchild and adopted child) and their spouse/partner; c. Parent of stepparent of that person; d. The person legally responsible for managing such person’s affairs or ensuring that their daily needs are met and their spouse/partner; e. Business partner of that person; <p>In relation to a juristic person, an associate for a company means:</p> <ol style="list-style-type: none"> a. Subsidiary or holding company of that company; b. Another subsidiary of the holding company; c. The holding company of the holding company; d. Any person from whom the Board of Directors or governing body is accustomed to take instructions/directions; or e. Any juristic person who is accustomed to taking instructions/directions from the Board of Directors or governing body and acting in accordance with these; f. Any trust controlled or administered by the Company.
Conflict of Interest	<p>Means any situation in which an FSP or a Representative has an actual or potential interest that may result in rendering a financial service to a client:</p> <ol style="list-style-type: none"> a. Influence the objective performance of his/her obligations to that client; or b. Prevent an FSP or 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: <ol style="list-style-type: none"> i. a financial interest; or ii. an ownership interest; c. Any relationship with a third party.
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 arrangement any support or service is 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; 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	<p>Means full-time and part-time employees, whether temporary or permanent and includes directors, interns and secondees.</p>
Financial Interest	<p>Means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship,</p>

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

	<p>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 Providers or Representatives on: <ol style="list-style-type: none"> 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.
Immaterial Financial Interest	<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"> a. An FSP who is a sole proprietor; b. A Representative for the Representative's direct benefit; or c. An FSP, who for its benefit, or some or all of its Representatives aggregates the financial interest paid to its Representatives.
Key Individual	<p>As defined in FAIS in relation to an FSP means any natural person responsible for managing or overseeing, either alone or together with other responsible persons, the activities of the entity relating to the rendering of any financial service, or a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person.</p>
New Entrant	<p>Means a person who has never previously been authorised as a financial services provider or appointed as a Representative by any FSP.</p>
Ownership Interest	<p>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>
Representative	<p>As defined in the FAIS Act, 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"> 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.
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: <p>compensation for the:</p> <ol style="list-style-type: none"> A. potential or actual loss of any benefit including any form of income, or part thereof; or

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

	<p>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</p> <p>C. a loan, advance, credit facility or any other similar arrangement.</p>
Third Party	<p>Means:</p> <p>a. A product supplier;</p> <p>b. Another FSP or it’s Associate;</p> <p>c. An Associate of an FSP;</p> <p>d. A distribution channel; and</p> <p>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.</p>

4. Requirements

4.1 **Conflict of Interest Management Policy**

- 4.1.1 The subsidiaries’ Board of Directors must adopt a conflict of interest management policy that complies with the provisions of FAIS. Any changes to such a policy should be approved by the Board of Directors.
- 4.1.2 The conflict of interest management policy should be made available to all clients and prospective clients of the subsidiary by means of publishing it on the FSP’s website.
- 4.1.3 The FSP “Letter of Introduction” should include reference to the conflict of interest policy and where/how it is made available for inspection.
- 4.1.4 The conflict of interest management policy must include:
- the mechanisms for the identification of conflict of interests;
 - measures to avoid the conflict of interest; and where avoidance is not possible,
 - measures for the mitigation of such conflict of interests;
 - measures to appropriately disclose the conflict of interests; and
 - consequences of non-compliance with the conflict of interest policy.
- 4.1.5 The conflict of interest management policy must specify the type of financial interest and the basis on which a representative will qualify for a financial interest.
- 4.1.5 The conflict of interest management policy must include:
- a list of associates of the FSP (the Efficient Group legal structure and ownership interest is attached hereto as **Annexure A**);
 - the names of third parties in which the FSP holds an ownership interest;
 - a list of names of any third party that holds ownership interest in the FSP; and

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

- d. the nature and extend of the ownership referred to above.

4.2 Financial Interest Offered and Received

- 4.2.1 The subsidiaries and its representatives may only receive, or offer, the following financial interest from or to a third party:
 - a. Commission authorised under the Long-Term Insurance Act No. 52 of 1998 (“LTIA”) or the Short-Term Insurance Act No. 131 of 1998 (“STIA”);
 - b. Commission authorised under the Medical Schemes Act No. 131 of 1998 (“MSA”);
 - c. Fees authorised under the LTIA, the STIA or the MSA if those fees are reasonably commensurate to a service being rendered;
 - d. Fees for the rendering of a financial service in respect of which commission or fees referred to in (a) to (c) above, is not paid, if those fees:
 - i. are specifically agreed to by a client in writing, and
 - ii. may be stopped at the discretion of that client;
 - e. Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
 - f. Subject to any other law, an immaterial financial interest; and
 - g. A financial interest not referred to in above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by another FSP or representative at the time of receipt thereof.
- 4.2.2 Where the same legal entity is a product supplier and an FSP, paragraph 4.2.1 does not apply to the representatives of that entity.
- 4.2.3 The subsidiaries may not offer any financial interest to its representatives for:
 - a. giving preference to the quantity of business secured for the FSP to the exclusion of the quality of the service rendered to clients;
 - b. giving preference to a specific product supplier, where a representative may recommend more than one product supplier to that client; and
 - c. 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.
- 4.2.4 The FSPs 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.

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

4.3 Associates

The subsidiaries and their representatives may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with the conflict of interest provisions in FAIS through an associate or an arrangement involving an associate.

4.4 Immaterial Financial Interest

Receipt and offering of immaterial financial interest ("also referred to as gifts") are allowed subject to the conditions in the Efficient Group Gifts Policy. In terms of this Policy all gifts offered or received must be pre-approved by senior management.

4.5 Annual Fit and Proper declarations

All Key Individuals and representatives of the subsidiaries must complete an annual FAIS fit and proper declaration that should include a confirmation of awareness of their subsidiaries' conflict of interest management policy and its requirements. The FSP's compliance team is responsible to review these declarations to ensure that it is completed by all relevant persons and have completed the declaration and identify any adverse findings and to ensure records of the declaration are kept for a minimum of five years from date of completion of declaration.

5. Roles and Responsibilities

5.1 Key Individuals

The Key Individuals of the FSPs are responsible for the following:

- 5.1.1 Assisting Compliance to create awareness surrounding the FSP's conflict of interest management policy and promoting a culture of compliance.
- 5.1.2 To ensure that the necessary controls are in place to identify and prevent conflicts of interest. If prevention is not possible, to establish a strategy with the Compliance department to mitigate the risk of such conflict of interest and to disclose such conflict of interest in writing to the client with the mitigation steps taken.
- 5.1.3 To ensure that the basis upon which a representative is remunerated is not contrary to the requirements of FAIS.
- 5.1.4 To identify any actual or potential conflict of interest on an ongoing basis.

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

5.2 Representatives

The FSP's representatives are responsible for the following:

- 5.2.1 To ensure that advice and intermediary services rendered are in the best interest of the client and not for their own personal gain.
- 5.2.2 To immediately disclose any conflict of interest or potential conflict of interest to the Key Individual and/or Compliance.

5.3 Compliance

The Compliance team is responsible for the following:

- 5.3.1 To facilitate the development of conflict of interest awareness training for all employees.
- 5.3.2 To at all times assist the Key Individuals to implement and enforce the FSP's conflict of interest policy.
- 5.3.3 To ensure that the FSP's conflict of interest management policy is published on the FSP's website and that the FAIS disclosure documentation contains the necessary conflict of interest disclosures.
- 5.3.4 To monitor compliance with the FSP's conflict of interest management policy and report on it accordingly to the Managing Director and the Group Chief Compliance Officer.
- 5.3.5 To maintain a conflict of interest register of conflicts of interest identified (excluding the receiving and offering of gifts) and the measures taken to mitigate and disclose the conflicts of interest.
- 5.3.6 To annually review the FSP's conflict of interest policy or in the event of relevant legislative changes.

5.4 Employees

All employees are responsible for the following:

- 5.4.1 To record gifts offered or received in accordance with the Efficient Group's Gifts Policy.
- 5.4.2 To notify their Compliance team if they become aware of any conflict of interest or suspect a conflict of interest or in the alternative, make use of the anonymous online tip-off available on the Efficient Group website: www.efgroup.co.za.
- 5.4.3 To declare any outside business interests and personal relationships in accordance with the Efficient Group Personal Relationship Policy.
- 5.4.4 To obtain approval for Personal Account Dealing in accordance with the Efficient Group Personal Account Dealing Policy.

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

5.4.5 To trade in company shares in accordance with the Efficient Group Trading in Company Shares Policy.

6. Non-compliance

Non-compliance with this policy carries a financial and reputational risk which may have an adverse impact on the Efficient Group and its subsidiaries. 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 as amended from time to time. Key Individuals and Representatives may be debarred if found guilty of misconduct. Non-compliance will be reported to the Financial Services Conduct Authority.

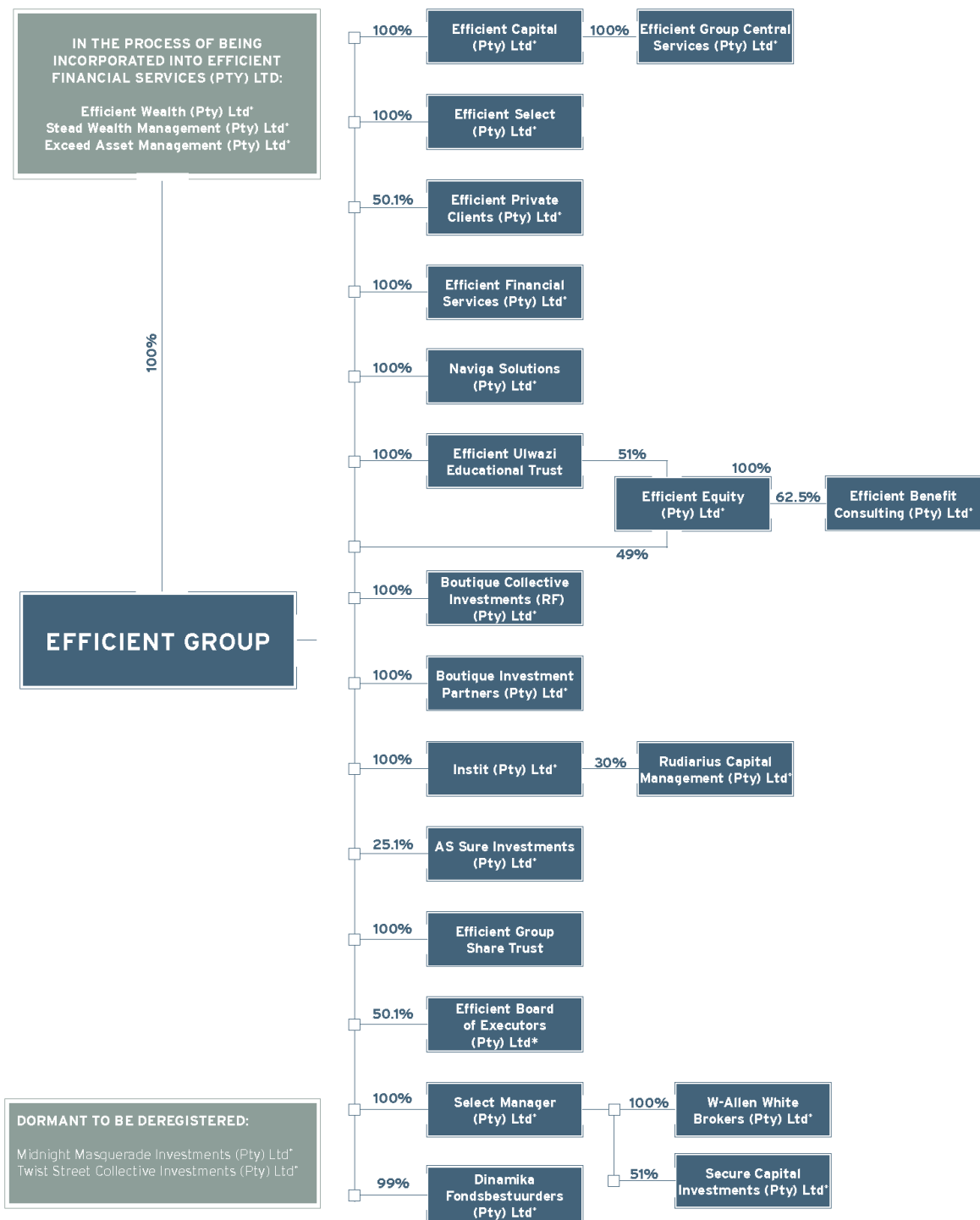
7. Policy owner, approval and review

This Policy has been reviewed by the Efficient Group General Management Board and has been approved by the Efficient Group Chief Executive Officer (“CEO”). The Group Chief Compliance Officer (“CCO”) is the owner of this document and will review it at least annually or in the event of legislative changes to ensure it remains relevant and adequate. Any changes thereto are subject to the approval of the CEO.

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020

Annexure A

EFFICIENT GROUP LEGAL STRUCTURE



*Incorporated in the Republic of South Africa

Prepared by	Group CCO	Date:	20 January 2020
Approved by	Group CEO	Date:	18 February 2020