

BOUTIQUE + INVESTMENT PARTNERS

C02 | Effective Date: 1 February 2019 | Version 1 | Review 30 November 2020

CONFLICT OF INTEREST MANAGEMENT POLICY

1. PURPOSE OF THE POLICY

- 1.1. The General Code of Conduct for Authorised Financial Service Providers and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, 2000 (Act No. 37 of 2002) (“FAIS”), requires Financial Service Providers (“FSPs”) to have a conflict of interest management policy in place to ensure that conflict of interest is managed appropriately in the business.
- 1.2. The purpose of this Policy is to assist Boutique Investment Partners (Pty) Ltd (“BIP”) a Category I & II Financial Services Provider (“FSP”) with FSP no: 45011 and its employees to identify potential and actual conflicts of interest, avoid conflicts of interests and if not avoidable to manage and disclose it appropriately. This Policy is also intended to assist employees in making the right decisions when confronted with a potential conflict of interest issue and it also aims to provide clients with appropriate information in relation to the controls BIP has in place to manage conflicts of interest.

2. POLICY STATEMENT

All BIP employees are expected to adhere to high standards of personal and professional integrity. BIP is committed to avoiding, and where this is not possible, mitigating and disclosing any conflict of interest that may arise between BIP, its employees and its clients when rendering financial services

3. SCOPE

All BIP 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;
- Personal Account Dealing policy;
- Treating Customers Fairly policy; and
- Whistleblowing Policy.

4. 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.
Clients	New and potential Clients
Conflict of interest	<p>Means any situation in which an FSP or a Representative has an actual or potential interest that may, when 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

	<p>client; or</p> <p>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:</p> <ul style="list-style-type: none"> i. a financial interest; or ii. an ownership interest; <p>c. benefit a third party to the detriment of the client.</p>
Employees	<p>Employees include full-time and part-time Employees, whether temporary or permanent and includes directors, interns and secondees, agents, or independent contractors.</p>
FAIS Compliance Officer	<p>This is Yolandi Calitz. Her e-mail address is: yolandi@efgroup.co.za</p>
Financial Interest (also referred to as 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> <ul 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: <ul 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> <ul 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	Means a person who has never previously been authorised as a financial services provider or appointed as a Representative by any FSP.
Ownership Interest	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.
Representative	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: <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 people, so appointed, who are individually or jointly responsible for managing or overseeing the business activities of BIP on a day-to-day basis
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"> 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, advance, credit facility or any other similar arrangement.
Third Party	Means: <ul style="list-style-type: none"> a. A product supplier; b. Another FSP or it's Associate;

- c. An Associate of an FSP;
- d. A distribution channel; and
- 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.

5. IDENTIFYING, MANAGING AND DISCLOSING CONFLICTS OF INTEREST

- 5.1 All employees are required to report any potential or actual conflicts of interest to the Compliance department. Should any individual be uncertain as to whether they are in a conflicted situation e.g. whether the offer they wish to make or the offer which has been made to him/her, or whether a particular action or omission amounts to a conflict of interest, then he/she should contact BIP Compliance immediately. Employees are encouraged to make use of the anonymous “whistleblowing hotline” which is available to all employees, details of which appear in the Whistleblowing Policy and on the Efficient Group website: <https://www.efgroup.co.za/contact-us/whistleblowing>
- 5.2 The Compliance department will investigate any potential or actual conflicts of interest to determine whether such conflicts are conflicts as contemplated in FAIS or any other applicable legislation.
- 5.3 The Compliance department, in conjunction with Senior Management, will determine whether such conflicts of interest are avoidable or unavoidable conflicts. If a conflict of interest is identified as being avoidable, then BIP will adopt the necessary internal procedures to ensure that the activity that gives rise to the avoidable conflict is avoided. If a conflict of interest is identified as being unavoidable, the Compliance Department, in conjunction with Senior Management, will establish a strategy to mitigate the risk of such conflict of interest impacting negatively on BIP’s ability to render fair and unbiased services to affected clients. BIP will disclose any specific conflict of interest impacting a client to such impacted client, together with the mitigation strategy employed.
- 5.4 To manage conflicts of interest, BIP Compliance must maintain a conflict of interest register (excluding gifts received under the Efficient Group Gifts policy) which is reviewed monthly to determine whether conflicts already identified are still valid, whether the mitigation strategies in place operate effectively and whether there are any new or potential conflicts that may have
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arisen since the last review. The conflict of interest register must be accessible by the Key Individuals of BIP.

6. FINANCIAL INTEREST RULES AND PROCEDURES

6.1 Financial Interest Offered and Received

6.1.1 BIP 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.

6.1.2 The BIP 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.

6.1.3 BIP 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.

6.1.4 BIP Representatives utilising the Category I FSP licence by providing advice and

intermediary services to clients will not receive any fees or commission. BIP Representatives receives a fixed salary. All fees payable by the client is payable to BIP as FSP.

6.2 Gifts

6.2.1 The receipt and offering of gifts are subject to the standards and rules of the Efficient Group Gifts Policy.

6.2.2 Gifts that forms part of “immaterial financial interest” received by Representatives and Key Individuals are limited to a value of R1000 received from the same FSP/ Representative in a calendar year.

7. ASSOCIATED COMPANIES TO BIP

7.1 BIP and its employees 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. The Efficient Group legal structure, in which BIP and its associates are listed, is attached as **Annexure “A”**.

8. REPORTING

8.1 The Compliance department is responsible for monitoring BIP’s adherence to this Policy, and the Efficient Group’s Gifts policy. The outcome of the monitoring shall be reported to the Key Individual of BIP and the Group Chief Compliance Officer. The gifts register will be monitored by BIP Compliance on a monthly basis for the purpose of determining if the aggregate gift value of R1 000.00 per Representative or Key Individual from the same FSP/Representative has been exceeded.

8.2 Employees who have engaged in an activity that have given rise to conflict of interest are obliged to disclose it to the Compliance department. All identified conflict of interests and mitigation plans must be discussed at the BIP Quarterly Compliance meetings and must be recorded in the minutes of such meetings. The relevant extracts of the minutes must be made available to the FAIS Compliance Officer, for the purpose of enabling the FAIS Compliance Officer to report on compliance with this Policy, as required by FAIS.

9. RECORDKEEPING

Records pertaining to identified or potential conflicts of interests e.g. gift register, conflicts of interest register, FAIS disclosures etc. and mitigation action must be kept for a period of at least five years from date of identification.

10. CONSEQUENCES OF NOT ADHERING TO THE POLICY

Violation of this Policy by any 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. Provision of false or misleading information or concealment of material facts relating to activities logged or that must be logged in a conflict 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.

11. POLICY AVAILABILITY, STAFF TRAINING AND GENERAL AWARENESS

- 11.1 This Policy is made available to all employees on SharePoint and Compliance will ensure that all employees undergo the necessary training on this Policy.
- 11.2 All Key Individuals and Representatives are required to declare on an annual basis that their awareness of the Conflicts of Interests Management Policy and that they are obliged to disclose any potential or actual conflict of interest.

12. REVIEW OF THE POLICY

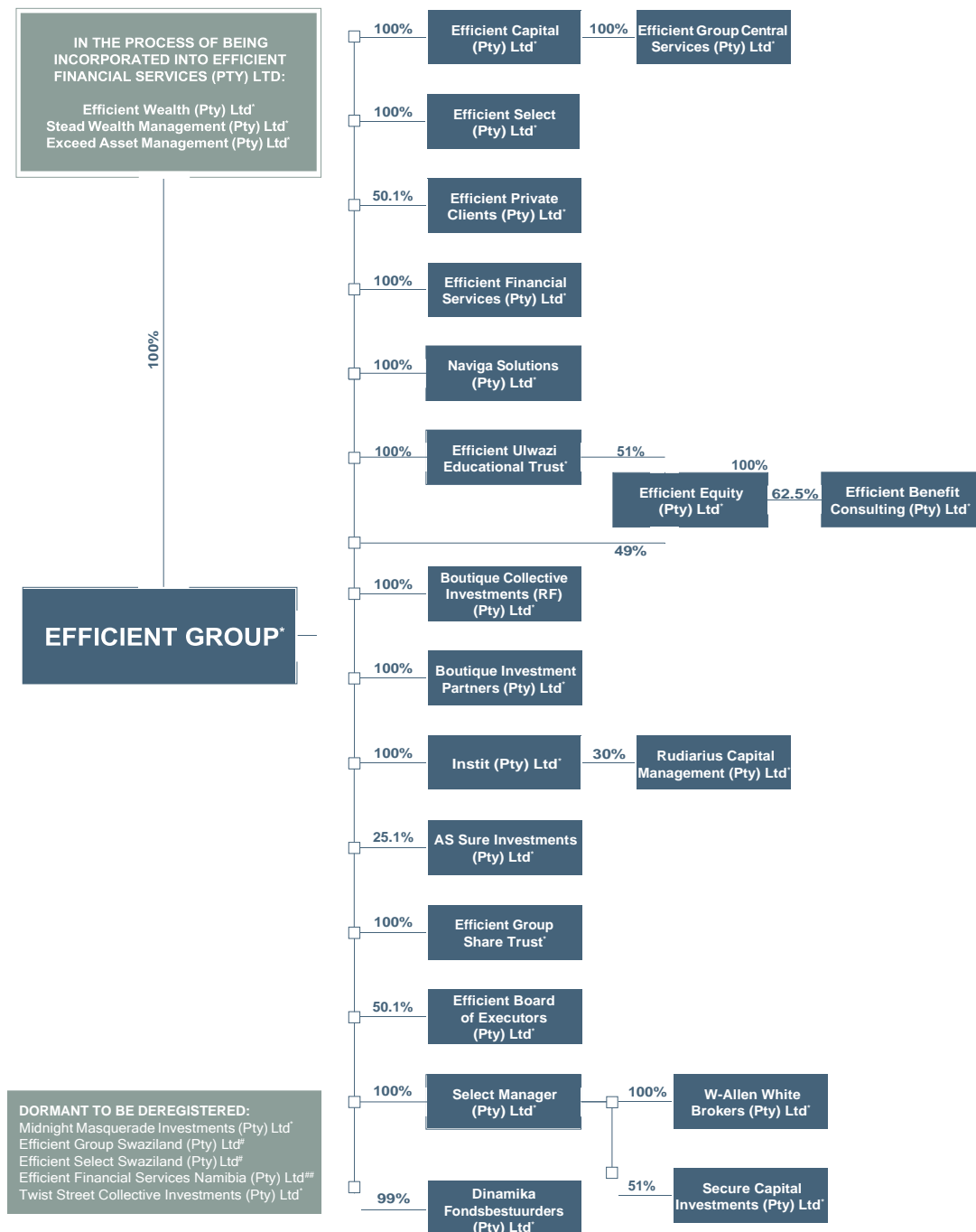
The Conflicts of Interests Management Policy and related policies are reviewed annually by BIP and Efficient Group Compliance, and where necessary, updated to ensure that the provisions remain sufficient to identify, assess, evaluate and mitigate Conflicts of Interest.

13. APPROVAL

The BIP Board adopted this policy on _____. Any changes to this policy are subject to the approval of the BIP Board.

ANNEXURE A – LIST OF ASSOCIATED COMPANIES OF BIP

EFFICIENT GROUP LEGAL STRUCTURE



[†]Incorporated in the Republic of South Afrika | [‡]Incorporated in the Republic of Eswatini (Swaziland) | ^{‡‡}Incorporated in the Republic of Namibia

