



FEVERTREE FINANCE (PTY) LTD

**CONFLICT OF INTEREST MANAGEMENT POLICY
("COIMP")**

FSP 44281

POLICY DOCUMENT COMPILED 27 March 2014

Conflict of interest management policy

1. Introduction:

This Policy is drafted in terms of section 3A (2) (a) of the FAIS Act General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice number 58 of 2010 which amended the Code of Conduct by introducing amended provisions relating to Conflict of Interest.

FeverTree Finance (Pty) Limited ("the Company") is an administrative intermediary licenced and registered with the Financial Services Board as an Authorised Financial Services Provider ("FSP") with licence number 44281. The Company is majority owned by KFML Holdings Limited ("KFML"). Ownership Information regarding the ownership of the Company can be accessed from the Financial Director KFML (charles@fml.co.za).

As an authorised FSP, the Company is obliged to comply with the prescribed Conflict of Interest provisions of the FAIS Act. All employees of the Company who are involved in the business of the Company are obliged to conduct themselves in a professional manner and in line with this Policy.

2. Purpose of this Policy:

This Policy seeks to adopt measures to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of Conflict of Interest.

Further it seeks to set out the processes, procedures and internal controls to facilitate compliance with the Policy, as well as to highlight the consequences of non-compliance with the Policy by the Company's employees and representatives.

3. Guideline:

This Policy is by no means an exhaustive analysis addressing every conflict of interest situation that might arise. The Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist employees in making the right decisions when confronted with potential conflict of interest issues.

4. Leadership:

The Company's Director oversees the business of the Company including the compliance with all applicable legislation, and this Policy. Directors and Management of the Company play a key role in the application of this Policy and are expected to demonstrate their personal commitment to this Policy and ensure the compliance by employees. Management is obliged to maintain a workplace environment that nurtures and ensures compliance with this Policy.

5. The Policy applies to:

All directors, officers, and employees of the Company, and would similarly apply to all representatives, associates, brokers and consultants should such be engaged by the Company ("employees").

All employees are required to comply with this Policy.

The Policy applies across all facets of the Company's business.

6. Definition of Conflict of Interest:

Conflict of interest means any situation in which a Financial Services Provider (a FSP), or a representative of that FSP, has an actual or potential interest that may in rendering a financial service to a client-

- influence the objective performance of his, her or its obligations to that client; or
- prevent a FSP or its 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-
 - a financial interest;
 - an ownership interest ;
 - any relationship with third party

The guiding principles of this Policy are that the Company and its representatives must, when rendering intermediary services, act honestly, fairly, with due care, skill and diligence. There must at all times be a due regard to the interest of the clients and the integrity of the Company as well as that of the financial service industry as a whole.

7. What is "financial interest"?

A financial interest can take any of the following forms: cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations.

This list is not exhaustive and there are exceptions such as: an ownership interest and training that is not exclusively available to a selected group of providers or representatives, in respect of product and legal matters relating those products, general financial and industry information, specialized technological systems of a third party that are necessary for the rendering of a financial service but excluding travel and accommodation associated with that travel.

8. What is allowed under Conflict of Interest management?

A FSP or its representatives may only receive or offer the following:

- Commission, fees under Long-Term and Short-Term Insurance Acts as well as the Medical Schemes Act, provided that the fees and commissions are specifically agreed to by a client, in writing, and which may be stopped at the discretion of that client;
- Subject to any other law, any immaterial financial interest (see the definition below), fees or remuneration for rendering of a service to a third party (such as a product supplier, another provider, or an associate of either of these), or a distribution channel (such as an arrangement between a product supplier or any of its associates and one or more providers and any of its associates) , which fees or remuneration are reasonably commensurate to the service being rendered;
- A financial interest for which fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by the provider or representative at the time of receipt.

In terms of the Financial Services Board notice 58 of 2010, an "immaterial financial interest", means:

"any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from same third party in that calendar year received by:

- a provider who is a sole proprietor,
- a representative for that representative's direct benefit and
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representative".

9. What may not be allowed under Conflict of Interest?

Subject to what has been said above, a provider may not offer any financial interest to a representative of that provider for:

- giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients, or
- giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client, or
- 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.

The above aims to ensure that clients are fully protected from undue and uncompetitive behaviour by product suppliers or their representatives. The ultimate objective is to ensure that clients at all times receive the best possible advice and /or intermediary service. The provider shall at all-time ensure that it adheres to the provisions of section 3(A) (1) (b) as described above.

10. Consequences of non-compliance with this Policy:

Company employees are obliged to report every suspected or actual transgression of this Policy to the Company and all employees should avoid any situation that may create or appear to create a situation which could be determined to be a conflict of interest. Once there is a conflict of interest, Company employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

A violation of this Policy is a serious matter that could cause harm to the Company and also could result in disadvantaging certain of the Company's clients.

Any employee of the Company who fails to comply with this Policy will be subjected to the appropriate disciplinary proceedings in terms of the Company's Disciplinary Code which could result in the termination of their employment with the Company.

11. Amendments to this Policy:

The Company reserves the right to determine how this Policy applies to any particular situation and to amend or modify this Policy as it in its discretion deems appropriate. This the Company can do without giving prior notice to or having been in consultation or reaching agreement with any provider and/or its representative. All amendments that the Company may make to this Policy shall be communicated to Company employees.

12. Measures aimed at identifying Conflict of Interest:

It is the responsibility of all employees of the Company to maintain the good name and standing of the Company by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern the Company.

Compliance with all rules, regulations and legislation is the individual responsibility of each employee. Each employee must accept personal responsibility for behaving correctly and in accordance with this policy. Likewise, each employee is obliged to stop or prevent any actions that are contrary to the content of this Policy and which could cause any harm to the Company as a result.

Set out below are various ways in which the Company can identify any Conflict of Interest:

- use of the Company disclosure of interest register will provide information on conflict of interest;
- monitoring of conflict of interest disclosure register, annually;
- regular monitoring of commissions and fees that are paid /received by the Company;
- monitoring of gifts/interest offered or received by the Company on a continual basis.

The above is not an exhaustive list of how to identify the existence of a conflict of Interest.

13. Process, procedures and internal controls aimed at facilitating compliance:

The Company shall be responsible for the training of all its employees on the Conflict of Interest Management Policy. The relevant legislative provisions will be highlighted during training and any available and educational material will be used to highlight the awareness and the importance of compliance with this Policy.

If any employee at any level within the Company is in any doubt as to whether a particular conduct amounts to a conflict of interest or not, that employee must contact his/her immediate supervisor and/or the Financial Director of KFML for clarity and guidance.

14. Measures aimed at mitigating Conflict of Interest:

Company employees should avoid engaging in activities which will result in a conflict of interest. As an example, no one must use improper means to obtain business from a particular representative or broker.

If Company employees realise that there is a potential or actual conflict of interest, the employee must timeously and fully disclose any such potential or actual existence of a conflict to the Company by reporting same to their immediate superior. This will enable the Company to decide whether or not to engage with the employee/transgressor in question.

Company employees who are faced by what is clearly a conflict of interest situation must desist from continuing with any participation in such situation or activities. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this Policy, the employee must approach the Chief Financial Officer of KFML who will evaluate the intended transaction and give guidance.

In situations where it is impossible to avoid conflict of interest, employees must, when called upon to do so, advance reasons as to why they failed to adhere to this Policy and to take measures to mitigate any conflict of interest.

15. Publication and reporting:

This Policy is available on the Company's/KFML's intranet site. In addition, the Company's annual FAIS compliance management report will include a report on the accessibility, implementation, monitoring and compliance of this Policy.

16. Management of Conflict of Interest:

This Policy forms part of the risk management framework of the Company. Senior Management of the Company is responsible for the identification and management of any existence of conflict of interest. All queries regarding this Policy can be directed to the Financial Director of KFML.

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UPDATED: