

NMG Benefits Conflict of Interest Policy

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1. Introduction

- 1.1 FAIS, and subsequent amendments to the General Code of Conduct, requires NMG to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interests.
- 1.2 The purpose of this Policy is to identify, avoid, and (where avoidance is not possible) mitigate and manage the Conflicts of Interest that may arise when NMG Benefits and its Representatives provide financial services to clients and ensure fair treatment of those clients.
- 1.3 NMG is committed to ensuring that its business and relationships with clients are conducted in an ethical and equitable manner in accordance with good business practice and in a way that safeguards the interests of all stakeholders.
- 1.4 This Policy provides mechanisms for the identification of Conflicts of Interest and what measures and procedures will need to be taken in order to avoid, disclose and mitigate such conflicts.

2. Definitions

Unless the context indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings:

Board	means the Board of Directors of NMG Benefits;
Compliance Officer	means the FAIS Compliance Officer who has been approved by the FSB;
Conflict of Interest	means any situation in which NMG or any of its Representatives has an actual or potential interest that may, in rendering a financial service to a Client: <ul style="list-style-type: none"> • influence the objective performance of his, her or its obligations to that client; or • prevent NMG or the Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to: <ul style="list-style-type: none"> (i) a Financial Interest; (ii) an ownership interest; (iii) any relationship with a third party;
Exco	means the Executive Committee of NMG Benefits duly appointed by the Board;
FAIS	means the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
Financial Interest	means any cash, cash equivalent, voucher, gift, service,

	<p>advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:</p> <ul style="list-style-type: none"> • an ownership interest; • 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 technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training;
FSP	<p>means any person, other than a Representative, who as a regular feature of the business of such person:</p> <ul style="list-style-type: none"> • furnishes advice; • furnishes advice and renders any intermediary service; or • renders an intermediary service;
FSB	<p>means the Financial Services Board;</p>
Immaterial Financial interest	<p>means any Financial Interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by a representative for that representative's direct benefit or a provider, who for its benefit or that of some or all of its representatives, aggregates the Immaterial Financial Interest paid to its representatives;</p>
Key Individual	<p>means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the FSP with regards to the rendering of any financial service;</p>
NMG Benefits	<p>means NMG C and A Holdings (SA) (Pty) Ltd and its subsidiary companies;</p>
Policy	<p>means this Conflict of Interest Policy;</p>
Representative	<p>mean 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;</p>

3. Roles and Responsibilities

- 3.1 The Board is ultimately responsible for this Policy including specifically its approval; however, the Board delegates certain responsibilities to Exco, Key Individuals and to the Compliance Officer.
- 3.2 With the exception of the Board, Exco is the most senior decision making forum in respect of this Policy and is responsible for the following:
- (a) drafting and implementing this Policy and for the submission thereof to the Board for the Board's consideration and approval;
 - (b) ensuring that all employees, Representatives and where appropriate, associates, are made aware of the contents of this Policy including the training and/or education in this regard; and
 - (c) ensure that the Policy is published in appropriate media and that same is easily accessible for public inspection at all reasonable times.
- 3.3 Specifically in relation to FAIS, the Key Individuals are responsible for managing or overseeing the activities of the FSP's within NMG Benefits in regard to the rendering of financial services.
- 3.4 With specific reference to FAIS, the responsibilities of the Key Individuals in terms of this Policy are the same as those of the members of Exco.

4. Conflict of Interest

- 4.1 A Conflict of Interest involves the actual, apparent or potential abuse of the trust that people have in professionals. The simplest working definition states: A Conflict of Interest is a situation in which financial or other personal considerations have the potential to compromise or prejudice professional judgment and objectivity. An apparent Conflict of Interest is one in which a reasonable person would think that the professional's judgment is likely to be compromised. A potential Conflict of Interest involves a situation that may develop into an actual Conflict of Interest. It is important to note that a Conflict of Interest exists whether or not decisions are affected by a personal interest. A Conflict of Interest implies only the potential for bias, not the likelihood.
- 4.2 The actual or potential existence of a Conflict of Interest may, in itself, not be a wrongdoing or undesirable practice. It is, however, imperative to properly disclose the nature and monetary value, if determinable, of such conflict to a client. Such disclosure should be made prior to the rendering of financial services or in the record of advice, and should preferably be recorded in a register kept by NMG Benefits. Full disclosure allows a client to decide whether, in the client's view, a conflict situation may indeed be biasing advice and the client will therefore be better equipped to assess whether the advice given is being unduly influenced.
- 4.3 FAIS requires FSP's to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interests. NMG Benefits has adopted and implemented this Policy to safeguard its clients' interests and ensure fair treatment of clients.

5. Objective

- 5.1 Several entities within NMG Benefits are licensed FSP's that provide advice and intermediary services to clients in respect of Long and Short-Term Insurance; Retail Pension Benefits; Pension Funds Benefits (excluding retail); Securities and Instruments; Collective Investment Schemes and Health Service Benefits. Like any other FSP, NMG Benefits is potentially exposed to conflicts of interest in relation to various activities.
- 5.2 The protection of clients' interests is a primary concern for NMG Benefits and so this Policy sets out how:-
- (a) we will promote transparency and identify circumstances which may give rise to actual or potential Conflicts of Interest entailing a material risk of damage to our clients' interests;
 - (b) we have established appropriate structures and systems to manage those conflicts; and
 - (c) we will maintain systems in an effort to prevent damage to our clients' interests through identified Conflict of Interest.
- 5.3 NMG Benefits strives towards ensuring it is able to appropriately and effectively identify and manage potential conflicts. It may manage potential conflicts through avoidance, establishing confidentiality barriers and by providing appropriate disclosure of the potential conflict to affected clients.
- 5.4 In determining whether there is or may be a Conflict of Interest to which this Policy applies, NMG Benefits considers whether there is a material risk of damage to the client, taking into account whether NMG Benefits or a Representative, associate or employee:-
- (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
 - (b) has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest;
 - (c) has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
 - (d) receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or a reasonable fee for that service.

- 5.5 A potential conflict may also arise in those instances where a Key Individual, Representative, associate or employee of NMG Benefits has an interest in, or connection with, an organization who transacted or might transact business (or with individuals associated with such an organization) or has an interest in an unrelated business that does not necessarily transact or intend transacting business with NMG Benefits, and where that interest is of such a nature that it might influence the independent judgement of a Key Individual, a Representative, associate or employee of NMG Benefits.
- 5.6 It should be understood that the Conflict of Interest referred to throughout this Policy may be direct or indirect (the interest might be that of the Representative or employee of NMG Benefits, or that of another person such as a relative or friend of the Representative or employee, or that of an organization in which the Representative or employee of NMG Benefits has an interest).
- 5.7 It is not possible to enumerate all situations which could constitute a Conflict of Interest. The facts of each situation will determine whether the interest in question is such as to bring it within the area of a potential conflict.
- 5.8 In determining whether a Conflict of Interest is apparent, there is no substitute for sound judgement based upon the particular facts involved in each case.
- 5.9 In terms of this Policy, potential Conflicts of Interest include, but are not limited to the following:
- (a) Conflict of Interest between NMG Benefits and the client;
 - (b) Conflict of Interest between our clients if we are acting for different clients and the different interests conflict materially;
 - (c) Conflict of Interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;

6. Management

- 6.1 Specific monetary measures we focus on:-
- (a) NMG Benefits may only receive commissions authorized in terms of applicable legislation, like broker commission in terms of the Medical Schemes Act, No. 131 of 1998 for example; or
 - (b) fees authorized in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered; or
 - (c) a Immaterial Financial Interest as defined; or
 - (d) a Financial Interest for a consideration or fair value that is reasonably commensurate to the value of the Financial Interest that is paid by the provider or representative at time of receipt thereof.

- 6.2 NMG Benefits will not offer any Financial Interest to any Representative for:-
- (a) giving preference to the quantity of business secured for the FSP to the exclusion of quality service;
 - (b) giving preference to a specific product supplier where more than one supplier can be recommended to a client;
 - (c) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

6.3 The measures adopted by NMG Benefits to manage identified conflicts are further summarized below. We consider them appropriate to our efforts to take reasonable care that, in relation to each identified potential Conflict of Interest, we act impartially to avoid a material risk of harming clients' interests.

(a) Procedures:

We have adopted appropriate procedures to manage potential Conflict of Interest. Our Representatives, associates and employees will receive guidance and training in these procedures and they will be subject to monitoring and review processes. There are specific measures and consequences in place for non-compliance with our Policy.

(b) Confidentiality Barriers:

Our Representatives, associates and employees respect the confidentiality of client information and disclose or use it with circumspect. No such information may be disclosed to an external third party without the written consent of the client.

(c) Monitoring:

The Key Individual or Compliance Officer in charge of supervision and monitoring of this Policy will regularly provide feedback on all related matters. This Policy will be reviewed annually.

(d) Disclosure:

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

(e) Report:

Together with the Key Individual of the FSP, the Compliance Officer will include a report on the Conflict of Interest management policy in the annual compliance report submitted to the Registrar of the FSB.

(f) Declining to act:

NMG Benefits may decline to act for a client in cases where we believe the Conflict of Interest cannot be managed in any other way.

7. Particular Management Measures

7.1 Identification of Conflict of Interest:

NMG Benefits will create awareness and knowledge of the applicable stipulations of the FAIS General Code of Conduct relating to Conflicts of Interest through training and educational material.

7.2 Avoidance of Conflict of Interest:

- (a) ensure understanding and adoption of Conflict of Interest Policy and management measures by all employees, Representatives and associates;
- (b) do regular inspections on all commissions, remuneration, fees and Financial Interests proposed or received in order to avoid non-compliance;
- (c) keep a register of any identified Conflict of Interest.

7.3 List of associates:

Name	Relationship
NMG Administrators (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Agency (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Consultants and Actuaries (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Consultants and Actuaries (Botswana) (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Consultants and Actuaries (Namibia) (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd

NMG Consultants and Actuaries Administrators (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Employee Benefits (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Personal Financial Services (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Risk Pool Administrators (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd
NMG Risk Managers (Pty) Ltd	Subsidiary of NMG C and A Holdings (SA) (Pty) Ltd

7.4 External parties with ownership interest in NMG C and A Holding (SA) (Pty) Ltd:

Name	Nature of interest	Extent of interest
NMG Holdings (Guernsey) Limited	Holding Company	59.34%
Prolan Investments Holdings (Pty) Ltd	BEE Shareholder	18.41%
NMG Employee Share Ownership Trust	Share Incentive Vehicle	14.45%
Direct holding	Minority shareholders	7.80%