



CONFLICT OF INTEREST MANAGEMENT POLICY

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Definitions

Unless stated otherwise, the following definitions apply to this policy:

MMH Momentum Metropolitan Holdings Limited.

Affiliation A close involvement with a vendor or service provider, on the part of the employee, the employee's family, or friends or business associates of the employee, including serving as a board member, employee, consultant or adviser to a current or potential vendor or service provider.

Associates

In relation to a natural person (a real human being):

- a person you are married to under the laws of South Africa, according to the laws of your religion or in a customary union, or you who are living with in a long-term relationship
- any biological or adopted child of that person, including a stepchild
- a parent or stepparent of that person, including a person who is the spouse, life partner or civil union partner of such parent or stepparent
- a person recognised in law or appointed by a court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person, including a person who is the spouse, life partner or civil union partner of such legally recognised or court appointed person
- a person who is in a commercial partnership with that person.

In relation to a juristic person:

- which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary
- which is a close corporation registered under the *Close Corporations Act 69 of 1984*, means any member thereof as defined in section one of that act.

In relation to any persons means:

- any juristic person which the board of directors or, in the case where such juristic person is not company, of which the governing body is accustomed to act in accordance with the directions or instruction of the person first mentioned
- includes any trust controlled or administered by that person.

Board Notice 58 The Financial Services Board Notice 58 of 2010, published in the Government Gazette number 33133 on 19 April 2010, which deals with conflicts of interest and amends the *FAIS* General Code.

Board of directors The board of directors of Momentum Insurance Company Limited.

Compliance officer The statutory compliance officer as appointed in terms of the *FAIS Act*.

Conflict of interest For a provider or a representative, means any situation in which a provider or a representative has an actual or potential interest that may in rendering a financial interest to a client:

- influence the objective performance of their obligations to that person
- prevent a provider or representative from rendering unbiased and fair financial service to that client, or from acting in the interests of that client.

This includes but is not limited to:

- a financial interest
- an ownership interest
- any relationship with a third party.

In relation to any employee, director or representative, it is any situation in which private interests or personal considerations affect, may affect, or may be perceived to affect, an employee's judgement in acting in the best interests of Momentum Insurance Company Limited, including using an employee's position, confidential information or corporate time, material or facilities, for:

- private gain or advancement
- the expectation of private gain or advancement of the employee or of any member of the employee's family, friends or business associates.

Designated person A person or persons nominated by the executive committee (Exco) to administer the process set out in this policy in the respective business operational areas.

Distribution channel Any arrangement between:

- a product supplier or any of its associates and one or more providers or any of its associates in terms of which any arrangement, any support or service is provided to the provider or providers in rendering a financial service to a client
- two or more providers or any of their associates, in which the arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier
- two or more product suppliers or any of their associates, in which the arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

Employee Includes employees, temporary employees, independent contractors and employees or contractors of contracted service providers, of any of the corporate entities that form part of Momentum Insurance Company Limited.

Employee's family Includes the employee's spouse or partner, sibling, parent, grandparent, child, grandchild and person who is a blood relation of the employee.

Exco The Momentum Insurance Company Limited executive committee, which is the most senior level of management below the board of directors and is made up of the business unit heads representing various business areas.

Fair value Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, as amended from time to time.

FAIS Act Financial Advisory and Intermediary Services Act 37 of 2002, as amended from time to time.

Financial interest Any cash, cash equivalent voucher, gift service, advantage, benefit discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration other than:

- an ownership interest
- training that is not exclusively available to a selected group of providers or representatives on:
- products or legal matters pertaining to those products or general financial and industry information
- special technological systems of a third party necessary for rendering a financial service, which excludes travel and accommodation associated with that training.

Holding company A holding company as defined in section 1(4) of the *Companies Act*.

Immaterial financial interest Any financial interest with a determinable monetary value, the aggregate of which doesn't exceed R1 000 in any calendar year from the same third party in that calendar year received by:

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

Key individual For a licensed financial services provider representative, carrying on business as:

- a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing, overseeing, either alone or together with other responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service
- a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such person.

Licensed financial services provider or FSP or provider A person who has been granted an authorisation as a financial services provider with a licence under section 8 of the *FAIS Act* and the words 'provider' and 'FSP' will have a corresponding meaning.

Nepotism The appointment, employment, promotion or advancement of a family member or relative in a position, or the advocacy of such actions by any employee, where that employee is able to influence the decisions directly or indirectly.

Ownership interest This means:

- a share or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person
- any dividend, profit share or similar benefit derived from that equity or ownership interest.

Person A natural person or a juristic person, partnership or trust, and includes:

- any organ of state as defined in section 239 of the *Constitution of the Republic of South Africa Act 108 of 1996*
- any company incorporated or registered as such under any law
- a person corporate or incorporated.

This policy The Conflict of Interest Management policy applicable to Momentum Insurance Company Limited, as set out in this document.

Product supplier Any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the *Companies Act*.

Representative Any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a financial services provider, 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, if the service doesn't:

- need judgement on the part of the latter person
- lead a client to any specific transaction for a financial product in response to general enquiries.

Third party This is:

- a product supplier
- another provider
- an associate of a product supplier or a provider
- a distribution channel
- a person in terms of an agreement or arrangement with a person referred to in the points above who has a financial interest to a provider or its representatives.

Purpose

Conflicts of interest are potentially inherent in the nature of doing business for profit generally, but more so in a business that deals with providing financial services that involves a number of legal entities in certain transactions, some of which may be associated with each other. These conflicts of interest are to be avoided but where this is not fully possible, steps should be taken to mitigate them.

This policy gives guidance on identifying and managing potential conflicts of interest as it applies to interactions between Momentum Insurance Company Limited and its employees with clients, suppliers and customers in providing financial services products and any services related to this.

Furthermore, this policy takes into account the requirements of the General Code of Conduct in the *Financial Advisory and Intermediary Services Act 37 of 2002* as amended by Board Notice 58, which was published in the Government Gazette number 33133 on 19 April 2010.

Scope

Momentum Insurance Company Limited is a specialist, dynamic 'full service' insurer, which offers a wide range of short-term personal insurance products to affinity groups and individuals. There is a growing range of products designed to meet various short-term insurance needs. The Momentum Insurance Company Limited brand serves different sectors of the individual and commercial markets and provides tailored cover for contents, all risk, motor, building and specialised insurance offerings. Through licensed service providers and other entities, Momentum Insurance Company Limited provides clients with underwriting, claims handling, recoveries, roadside assistance and call centre expertise.

As a subsidiary of MMH, Momentum Insurance Company Limited subscribes to the Conflict of Interest Management policies adopted by MMH.

- ✘ However, Momentum Insurance Company Limited has developed its own policy suited to its business. The requirements outlined apply to all Momentum Insurance Company Limited employees in relation to their duties in terms of their employment with Momentum Insurance Company Limited and specifically includes representatives in relation to the discharge of their duties in terms of the provisions of financial services as defined in the *FAIS Act*.

Objectives

The primary objectives of this policy are to:

- promote transparency and provide a framework for identifying and managing conflicts of interest relating to Momentum Insurance Company Limited and its employees, including specifically representatives and key individuals
- document the processes for the disclosure, approval and review of actual and potential and/or perceived conflicts of interest
- set out the details required relating to a conflicts of interest management policy according to the Board Notice 58 as it applies to Momentum Insurance Company Limited.

Roles and responsibilities

Board of directors

The Momentum Insurance Company Limited board of directors (the board) is ultimately responsible for the policy, including specifically its approval, but the board delegates certain responsibilities to the executive committee, key individuals and to the compliance officer as set out below.

Executive committee (Exco)

Exco is the most senior decision-making forum below the board of directors and is responsible for:

- drafting and implementing this policy and submitting it to the board of directors for consideration and approval
- 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
- making sure that the policy is published in the appropriate media that is easily accessible for public inspection at all reasonable times.

Key individuals

Specifically in relation to the *FAIS Act*, key individuals are responsible for managing or overseeing Momentum Insurance Company Limited's activities for rendering financial services.

The responsibilities of the key individuals in terms of this policy are the same as those of the Exco members as set out above, although with specific focus on the aspects that fall under the ambit of the *FAIS Act*.

Compliance officer

The compliance officer's responsibilities include:

- reporting in the annual compliance reports submitted to the Registrar of Financial Service Providers in terms of the *FAIS Act*, and dealing, among other issues, with the implementation, monitoring and compliance with, and the accessibility of the policy
- monitoring the conflict of interest management register, wherein all declaration forms completed by employees and representatives are recorded and retained
- assisting exco members in discharging their responsibilities, including arranging appropriate training for employees and representatives.

Mechanisms for identifying conflicts of interest

Given the nature and complexity of the business activities concerned in providing financial services products and services through a number of legal entities, a number of mechanisms have been identified which may be used to identify potential conflicts of interest, taking into account the definition of conflict of interest as defined in Board Notice 58:

- Education and training – all employees, representatives and key individuals are to be trained on the content of this policy and will be made aware of the obligation to identify specific circumstances that may give rise to conflicts of interest.
- Internal processes – in the event that a potential conflict of interest is identified, the affected employee, representative or key individual is required to follow the processes set out in this policy to make disclosures or declarations.
- Statutory disclosures – statutory disclosure notices have been amended according to the applicable directives issued in terms of the *FAIS Act*, and set out important information which, when read by clients, can help identify potential conflicts of interest, especially relating to associates.
- Defined roles and responsibilities – the roles and responsibilities expected from the various persons within Momentum Insurance Company Limited are clearly defined in this policy, including those of employees, representatives, key individuals, the compliance officer, exco members and the board.

Measures to avoid or mitigate conflicts of interest

Conflicts of interest must generally be avoided. However, if this is not possible the conflict of interest must be mitigated and managed. Guidance for this is given below.

Measures to avoid conflicts of interest

All employees, representatives and key individuals must:

- avoid any situations in terms of which, when conducting business with a client, their objectivity may be impaired
- disclose or declare a pre-existing financial interest, which may result in a conflict of interest with a client or prospective client
- disclose or declare a pre-existing ownership interest, which may result in a conflict of interest with a client or prospective client
- attend all training that may be provided from time to time relating to conflicts of interest and actively familiarise themselves with the content of this policy.

Measures to mitigate conflicts of interest

If a conflict of interest can't be avoided, all employees, representatives and key individuals must:

- follow the process set out in this policy regarding disclosures or declarations and any guidance that may be issued following the assessment of any disclosure or declaration
- follow the process to always provide clients with the required statutory disclosure notices

- disclose an identified conflict of interest to the client in writing, giving the details of such interest, at the earliest reasonable opportunity
- advise clients about the existence of this policy and the manner in which a client may access a copy thereof.

All employees, representatives and key individuals will be given a copy of this policy and will be required to sign an acknowledgement of receipt and declaration that they will familiarise themselves with its content.

The compliance officer will add the monitoring of employees, representatives and key individual's compliance in relation to this policy to Momentum Insurance Company Limited's annual compliance monitoring plan.

Measures for disclosing conflicts of interest

If a conflict of interest is identified, it must be disclosed to the client in writing at the earliest reasonable opportunity specifically including:

- the measures taken to avoid or mitigate the conflict
- any ownership or financial interest that the representatives or provider may be, or have become, eligible for (other than immaterial financial interest)
- the nature of the relationship or arrangement with a third party that gives rise to the conflict in sufficient detail to allow the client to understand it.

✘ The process described above must be followed in all instances where a conflict of interest has been identified, irrespective of the fact that a client may have been provided with the statutory disclosures. In other words, the written disclosure above must be given to a client together with any standard statutory disclosure notice.

Process and requirements relating to declarations

Employees' obligation to declare any personal interest to Momentum Insurance Company Limited

Every employee must communicate and disclose any personal interests that they may have, including affiliation and nepotism as defined which may cause an actual or perceived conflict of interest or could impair or be perceived to impair their ability to act with integrity or objectivity in the context of their employment. Disclosures must be made on the prescribed form.

Employees' obligation to update and annually declare

Every year an email communication will be dispatched by the compliance officer to remind all Momentum Insurance Company Limited employees of their obligation in terms of this policy.

The annual reminder will request an update or new declarations to be made by employees. Non-compliance with the annual reminder will be dealt with in terms of section 14 in this policy.

Representatives' obligation to report conflicts of interest to Momentum Insurance Company Limited

Once a representative has identified a conflict of interest, the representative must report the conflict to the respective key individual, regional manager or compliance officer of Momentum Insurance Company Limited. The report is to be made in the prescribed format and is to be used by the key individual, regional manager or compliance officer to update Momentum Insurance Company Limited's Conflicts of Interest Register.

Consideration and approval process

Consideration and approval of employee declarations

Disclosures made by employees, in terms of section 9 in this policy, are to be considered by the key individual, regional manager or compliance officer. Where necessary, the key individual, regional manager or compliance officer will refer any of the declarations to exco or a sub-committee that may be appointed by exco for the purpose of considering such referrals. The declarations are to be made on a prescribed form.

Consideration of representative reports on conflicts of interest

All conflicts of interest reported by representatives are to be considered by the key individual, regional manager or compliance officer and must be used to update the conflicts of interest management register. In certain instances, key individual, regional manager or compliance officer may refer certain reports to exco or a sub-committee appointed by exco. The reports must be assessed according to this policy and any feedback must be given to the representative in writing.

Record keeping and maintaining the conflicts of interest register

Record keeping

The key individuals or regional manager is tasked with keeping all the declaration forms duly completed by employees, representatives and key individuals on behalf of Momentum Insurance Company Limited and, in addition, copies of the conflicts of interest forms.

Maintenance of the conflicts of interest register

The key individuals or regional manager must maintain the conflicts of interest register (the register) on behalf of Momentum Insurance Company Limited.

- ✘ Details of all the declaration forms, conflict of interest forms and any other supporting documents must be recorded and updated in the register and reported monthly to exco.

Payment and receipt of financial interest and immaterial financial interest

Payment and receipt of financial interest

In terms of Board Notice 58, providers or representatives are only permitted to receive or offer, from or to a third party, the following certain financial interest:

- Commissions authorised in terms of the *Short-Term Insurance Act*
- Fees authorised in terms of the *Short-Term Insurance Act*
- Fees for rendering a financial service of which commission or fees referred to above have not been paid, provided that the fees payable:
 - are specifically agreed to by a client in writing
 - may be stopped at the discretion of that client within the notice period as specified in each instance
- Fees or remuneration for rendering a service to a third party, where fees or remuneration are reasonably commensurate to the service being rendered
- Any financial interest that is not specifically referred to above for which a consideration, fair value or remuneration that is reasonable commensurate to the value of the financial interest is paid by that provider or representative at the time of receipt thereof.

In addition to the financial interest listed above, providers or representatives may, subject to any other applicable law, also receive or offer immaterial financial interest.

Payment and receipt of immaterial financial interest

Providers or representatives are permitted to receive an immaterial financial interest from a third party.

Taking into account the definition of immaterial financial interest as defined in terms of Board Notice 58, exco has considered the application thereof to Momentum Insurance Company Limited, its employees and representatives and gives the following guidelines:

- The average value of the total immaterial financial interest payable to or received by a natural person cannot exceed R1 000.00 per year.
- All Momentum Insurance Company Limited employees must also comply with the existing Momentum Insurance Company Limited gift policy, as amended from time to time.

Financial interest payable by Momentum Insurance Company Limited to its representatives

Momentum Insurance Company Limited's representatives are remunerated in the form of salaries and some of them may be eligible for payment of commissions and incentives. In some instances, representatives may also be eligible

for an annual performance bonus that recognises their contribution to Momentum Insurance Company Limited's overall performance. Salary payments, including performance bonuses where applicable, are paid according to employment contracts.

Where the remuneration structure also includes paying commissions together with basic salaries, any such commissions will not be calculated on the quantity of the business to the exclusion of quality.

Consequences of non-compliance

Non-compliance by employees and representatives with this policy will result in disciplinary action being taken against the individuals which may include sanctions according to the terms and conditions of such individual's employment agreement. These may include dismissal and sanctions, including possibly debarment, that may be imposed against representatives according to fit and proper requirements related to the *FAIS Act*.

List of associates

Momentum Insurance Company Limited is a juristic person and therefore the definition of associates as defined in this policy and as it applies to juristic persons is hereby applicable. This will include any subsidiary or holding company of that company, any other subsidiary of that holding company, and any other company of which that holding company is a subsidiary. In this respect, it is our interpretation that the companies that are associated with Momentum Insurance Company Limited are those which form part of the Momentum Metropolitan Group of companies of which Momentum Insurance Company Limited is itself a subsidiary, but limited only to operating companies and holding companies of operating companies. The list of associate companies is supplied below.

Momentum Metropolitan Holding
Momentum Metropolitan Life
Momentum Insurance Solutions (Pty) Ltd
Momentum Insurance Administration Services (Pty) Ltd
Momentum Short-term Insurance Company Limited
102 Rivonia Road (Pty) Limited
129 Rivonia Road (Pty) Limited (previously 2 Merchant Place (Pty) Limited)
Gamaphuteng Enterprises (Proprietary) Limited
MMH Multiply (Pty) Ltd (previously Momentum Interactive (Pty) Ltd)
MMI Short Term Insurance Administration (Pty) Ltd
Momentum Ability Limited
Momentum Alternative Insurance Limited
Momentum Alternative Investments (Pty) Ltd
Momentum Asset Management (Pty) Ltd
Momentum Connect (Pty) Limited
Momentum Consult (Pty) Limited

Momentum Finance Company (Pty) Limited
Momentum Investment Consulting (Pty) Limited
Momentum Property Investments (Pty) Limited
Momentum Structured Insurance Limited
Momentum Wealth (Pty) Ltd
Momentum Wealth International Limited
SMH Land Development (Pty) Limited
Tsumeb Mall (Pty) Limited
MMH Umhlanga (Pty) Limited

List of third parties in which Momentum Insurance Company Limited holds an ownership interest

In terms of Board Notice 58, a third party means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or any other person who in terms of an agreement or arrangement with a person referred to in the preceding list provides a financial interest to a provider or its representative. Taking into account the aforementioned definition, it is hereby confirmed that Momentum Insurance Company Limited does not have any ownership interests.

List of third parties that hold an ownership interest in Momentum Insurance Company Limited

Momentum Insurance Company Limited is a wholly owned subsidiary of Momentum Metropolitan Holdings Limited. Accordingly, MMH presently holds a 100% ownership in Momentum Insurance Company Limited.

Get in touch

For more information, you can get in touch with your service consultant.

Assistance Services: 0860 911 000

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