

**EASTVAAL MOTORS FSP 23777
GROUP INTERNAL CONFLICT OF
INTEREST MANAGEMENT
POLICY**

**Version 1.00
2016**

Introduction:

Board notice No.80 of 2003 and amended by Board Notice.58 of 2010-The General Code of Conduct for authorized Financial Service Providers and Representatives requires that when a provider renders a financial service the provider and any representative must avoid, and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and the client.

Purpose:

The executive management of Eastvaal Motor Group sees itself as an expert in short term insurance and therefore a professional advice- giving company. Therefore the company's actions must be open to scrutiny by clients, potential clients and in some cases members of the public.

Our business comprises a network of franchised commercial and passenger vehicle dealerships that retail new and used vehicles and provide after sales support representing major vehicle brands in South Africa.

Consequently, there has to exist a duty of loyalty and fidelity by management and staff who have the responsibility of administering the company's affairs honestly and prudently, and of exercising their best care, skill, and judgement for the sole benefit of clients. Those persons must exercise the utmost of good faith in all transactions involved in their duties, and they must not use their positions within the company or knowledge gained there for their personal benefit. The interests of the company and its clients must be the first priority in all decisions and actions.

Persons Concerned:

For the purpose of this document, the persons concerned are those involved in the selling of vehicles and the ancillary function of credit arrangement and insurance facilitation. The term employee includes directors, managers and all permanent staff as well as contract staff who can influence the actions of

others. For example, in addition to those of our staff that have direct dealings with clients and recommend products to them, this would include all who make purchasing decisions and anyone who has proprietary information concerning a client.

Areas in which conflicts may arise:

Conflicts of interest may arise in the relations of employees with any of the following third parties and any company that Eastvaal or its employees have an association, by shareholding or any other interest including:

- Persons and firms supplying goods and services to the company
- Persons and firms from whom the company leases property and equipment
- Competing companies;
- Agencies, organizations and associations including insurers, underwriting managers, administrators and other brokers with whom the company transacts business;
- Family members, friends, and other employees.

Conflicts of interest may also arise in the method by which we remunerate our staff, particularly if we provide incentives to our representatives for the quantity of business secured without appropriate quality assurance mechanisms in place. For this reason, we ensure that the advice and services we provide are regularly quality tested.

Nature and Conflicting Interest

A conflict of interest is defined as:

‘Any situation in which our company or a representative of our company has an actual interest that may, in rendering a financial service to a client,-

1. Influence the objective performance of his, her or its obligations to that client; or

2. Prevent our company or our representatives 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 –

- I. A financial interest;
- II. An ownership interest;
- III. Any relationship with a third party'

In respect of employees, possible conflicts are:

1. An employee owning shares or holding debt or other proprietary interests in any third party or associated company.
2. Holding office, serving on the board, participating in management, or otherwise employed (or formally employed) with any third party or associated company.
3. An employee receiving remuneration for services from another company.
4. An employee using our company's time ,personal equipment,supplies,or goodwill for purposes other than approved activities,programs,and purposes.
5. An employee receiving gifts for birthdays or special occasions;
6. An employee receiving money,vouchers,or anything that can be converted to money for 'selling' specified services or products;
7. An employee being invited on lunches/dinners/shows and other entertainment events;
8. An employee providing leads to businesses owned by family and friends;
9. An employee distributing products and /or services provided by businesses owned by family and friends;
10. An employee distributing products and/or services provided by businesses owned by family or friends;

11. Any activity involving clients by which family and friends can financially benefit.
12. An employee receiving personal gifts or loans from any other companies or persons dealing or competing with our company.

In terms of the above, incentives and rewards include cash or cash equivalent, vouchers, gifts, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration except for incentives and rewards which could not be refused without discourtesy. In the case of transactions defined in the Financial Advisory and Intermediary Services Act, even if approved by management, such incentives and rewards must not exceed R1000 in any one calendar year from any one person or company.

Receipt of any gift is disallowed except gifts of a value less than R200 which could not be refused without discourtesy and do not exceed R1000 in any one calendar year. No personal gift of money is allowed.

In respect of our company as provider, possible conflicts are:

1. Our company owning shares or holding debt or other proprietary interests in any third or associated company;
2. Our company earning or receiving more than the regulated commission due to additional services provided;
3. Arranging agency contracts with selected insurers

Interpretation:

These areas of conflicting interest listed above and the relations in those areas which may give rise to conflict are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the employees will recognize such areas and relation by analogy. All identified possible conflicts of interest have been listed in the 'conflict of interest summary' at the end of this document.

The fact that one of the interests described above exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the company's interests or interests of clients.

However, it is the policy of the company that the existence of any of the interests described above shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the employees to scrutinize their transactions and outside business interests and relationships for potential conflict and to immediately make such disclosures.

Similarly it is the responsibility of all employees to identify and report on possible conflicts of interest that may emanate from the working relationship that this company has with any of its associates or other business partners, whether there is a financial interest or otherwise.

Disclosure:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflict of interest has been identified and attempts to avoid it have not been successful;
2. The conflict of interest has been mitigated as far as possible;
3. The conflict of interest is fully disclosed to clients when appropriate;
4. An employee with the conflict of interest is excluded from the discussion and approval of such is provided by the Managing Director;
5. A competitive quotation, bid or comparable valuation exists and has been properly evaluated and where involving a client has been properly explained;
6. The Managing Director has determined that the transaction is in the best interest of the company and its clients.

Disclosure of possible conflict of interest transactions should be made to the Managing Director who shall determine whether a conflicts exists and in the case of an existing conflict, whether the completed transaction may be authorized as just,fair,and reasonable.

Disclosure to clients:

We will disclose all conflicts of interest and potential conflicts of interest to our clients in at least one of the following ways:

1. By declaring them verbally at the point of sale;
2. By declaring them in writing as soon as practicably possible following a sale.

In selecting one or both of the above, we will take into account the type of conflict and the impact it might have on the client's decision to purchase or decline our products/services. All allowable incentives will be disclosed at the point of sale, as will the responsibilities of each and every company in the service delivery chain.

ASSOCIATE COMPANIES AND/OR RELATIONSHIPS IN RESPECT OF THE SERVICES WE PROVIDE IN TERMS OF THE FAIS ACT

Cell Captive within Guardrisk Insurance Company . This company provides insurance products in respect of credit protection for our motor customers. The policy types include, but are not limited to credit life and ancillary covers, credit shortfall and extended warranty insurance.

Possible conflicts arising through the use of associated companies have been identified and eliminated as far as possible. Administrators have been appointed that are totally Independent from our company and who have no financial interest in the underwriting results of the cell captives.

CONFLICT OF INTEREST DISCLOSURE STATEMENT

Every employee is requested to sign a statement of disclosure, which statement also requires employees to provide information with respect to business and/or parties that are related to them, including:

- A spouse, domestic partner, child, mother, father, brother or sister
- Any corporation or organization of which the employee is a board member, a partner, participates in management or is employed by, or is, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities, and
- Any trust or other estate in which an employee has a substantial beneficial owner of any class of equity securities; and this is included in every employees service contract

TRAINING OF EMPLOYEES

As this policy links to and forms a part of every employees employment contract, we include training regarding this conflict of interest management policy in every orientation programme that we host in respect of new employees, as well as providing regular and continuous updates within our ongoing professional development programmes for existing employees.

Possible conflicts of interest identified	Measures for avoiding the conflict	Mitigating the conflicts of interest	Measures for disclosure	Internal controls	Consequences of non-compliance
Employees receiving gifts, vouchers, holiday or any other 'handout' from suppliers	All prohibited except gifts of less than R200	None necessary	None necessary	declaration of honesty by employee	Disciplinary action.

Possible conflicts of interest identified	Measures for avoiding the conflict	Mitigating the conflicts of interest	Measures for disclosure	Internal controls	Consequences of non-compliance
Employees being employed by another company	Only allowed if not competing with our company or client.	None necessary	None necessary	M.D. permission in writing	Disciplinary action.
Receiving remuneration for services other than from our company	Only allowed if not competing with our company or client.	None necessary	None necessary	M.D. permission in writing	Disciplinary action.
Being invited by a supplier to lunches/dinners/shows and other entertainment events;	Allowed depending on the value of the event	None necessary	Disclosure to client during any discussion involving that supplier	M.D. permission in writing	Disciplinary action.
Any activity involving clients by which family and friends of an employee can financially benefit	Prohibited unless agreed by M.D.	Excluding the employee from discussions with clients	Disclosure to client during any discussion involving that supplier	Employees must provide ongoing disclosure as to which family	Disciplinary action.

Possible conflicts of interest identified	Measures for avoiding the conflict	Mitigating the conflicts of interest	Measures for disclosure	Internal controls	Consequences of non-compliance
				members or friends could be involved	

ADOPTION BY BOARD OF DIRECTORS

This policy was adopted by the executive having been provided to do so by the Board of Directors.