



Ford Motor Company of Southern Africa (Manufacturing) (Pty) Ltd
Simon Vermooten Road, Silverton, Pretoria
P.O. Box 411, Pretoria, 0001, South Africa

**FORD MOTOR COMPANY OF SOUTHERN AFRICA MANUFACTURING (PTY) LTD
(Ford Motor Company)**

**CONFLICT OF INTEREST MANAGEMENT POLICY RELATED TO FINANCIAL
ADVISORY SERVICES**

FSP NUMBER: 48173

Introduction:

In terms of the Financial Advisory and Intermediary Services Act 37 of 2002, Ford Motor Company is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

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:

Ford Motor Company can provide intermediary services on short-term personal lines and commercial lines products and strive to conduct these services in a professional manner. Ford Motor Company's actions must be open to scrutiny by clients, potential clients and in some cases members of the public.

Our business will provide financial products to various Ford Motor Company Dealerships to offer to their clients. We also provide factual information relating to financial products to clients that make direct contact with Ford Motor Company..

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 good faith in all transactions involved in their duties, and they must not use their positions within the company or knowledge gained there from 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

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Executive Directors: N.J. Hill, P. Baron, O.A. Berry, E. Buthelezi, O.R. Melato, S.L. Sewmohan, C.S. Timothy
Independent Non-Executive Director: D.N.M. Mokhobo, Company Secretary: D.S. Hiralal



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 Ford Motor Company or its employees have an association, by shareholding or any other interest including:

- Persons and firms supplying goods and services to Ford Motor Company
- Persons and firms from whom Ford Motor 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 employees, 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, personnel, 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 R600 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 Key Individuals.
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 Key Individuals 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 Key Individuals who shall determine whether a conflict 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 or becoming aware of a conflict
2. By declaring them in writing as soon as practicably possible following a sale.

In selecting one or both 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

Ford Motor Company owns a cell captive within Guardrisk Insurance Company Limited – 100% owned by our company.

This company provides insurance products in respect of credit protection for our motor customers. The policy types include but are not limited to warranty insurance. Non-financial products included in this captive are Service and Maintenance Plans.

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



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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 employee's service contract.

TRAINING OF EMPLOYEES

As this policy links to and forms a part of every employee's employment contract, we include training regarding this conflict-of-interest management policy annually for all existing employees and 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.

CONFLICT OF INTEREST SUMMARY



Possible conflicts of interest identified	Measures for avoiding the conflict	Measures for avoiding the conflict	Measures for disclosure	Internal controls	Consequences of non-compliance
Employed representatives receiving gifts, vouchers, holidays or any other 'handout' from suppliers or associated companies	All prohibited unless approved by FORD MOTOR COMPANY. In respect of FAIS Services, approved incentives cannot exceed R1000 in the annual aggregate from any one person or company	None necessary	None necessary	Included in employment statement and ongoing declaration of honesty and integrity by employee	Disciplinary action.
Employed representatives being employed by another company	Must be approved by management of juristic representative and approval will only be granted if not competing with the company or a client	None necessary	None necessary	Must obtain permission from line manager and recorded on personnel file	Disciplinary action.
Receiving remuneration for services other than from the juristic representative	Must be approved by FORD MOTOR COMPANY	None necessary	None necessary	Must obtain permission from FORD MOTOR COMPANY and recorded on compliance file	Disciplinary action.
Being invited by a supplier/insurer to lunches/dinners/shows and other entertainment events;	Must be approved by management of juristic representative and dependent on value of event	None necessary	Disclosed to client during any discussion involving that supplier	Permission to be obtained from line manager	Disciplinary action.
Any activity involving clients by which family and friends of an employee can financially benefit.	Prohibited unless agreed to by FORD MOTOR COMPANY (only in special circumstances)	Excluding the employee from discussions with clients	Disclosed to client during any discussion involving that supplier	Employees must provide on-going disclosure as to which family members or friends could be involved and why	Disciplinary action.
Juristic representative owns a cell captive or enjoys a profit share arrangement	Conflict cannot be avoided, but can be mitigated.	FORD MOTOR COMPANY to provide dispute resolution	Included in written disclosure document	Procedure documented for dispute resolution	No conflict identified
Juristic representatives have a limited number of agency arrangements	We make sure that the insurance covers and costs are representative of the entire insurance industry	Juristic representatives to do annual surveys of insurers to ensure that a full armoury of products and services are offered	A list of selected insurers are disclosed to clients at the point of sale	The juristic representatives to do 'spot checks' to ensure that this is provided.	Disciplinary action where appropriate

DOCUMENT REVISION HISTORY

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