

## **LAZARUS MOTOR COMPANY (PTY) LTD –CONFLICT OF INTEREST POLICY**

### **1. PURPOSE**

This document sets out the Company's policy, stance and intentions with regard to the receipt and/or giving of gifts, bribes, incentives and payments through which one supplier/person gains a (possible) dishonest advantage over another. It is the Groups priority to ensure that all dealings are transacted freely and without the temptation or distraction of gifts/incentives etc.

### **2. FRAUD AND CORRUPTION**

These are serious offences which can result in a criminal conviction. In terms of the new Corruption Act 12 of 2004, it is a criminal offence for an employer not to report corruption, theft or fraud or a suspicion of the mentioned offences in excess of R100 000 to the police.

Fraud and corruption in these terms are defined as the acceptance of bribes, receiving of money, goods or services for personal gain which are not disclosed to the Company.

Equally, any company or employee of a company who gives bribes of money, goods or services to gain a business advantage is considered to have committed a criminal offence in terms of the Corruption Act.

- 2.1 Fraud and corruption, or attempted fraud and corruption are breaches of acceptable standards of conduct required of employees. They will not be condoned by the Company.
- 2.2 Where the Company suffers a loss, steps will be taken against the employee to mitigate the loss.
- 2.3 Appropriate action will be taken against the offender whether or not a loss has been suffered. Fraud and corruption of any amount are dismissible offences.
- 2.4 The police may be called in where the evidence justifies such action.

### 3. ACCEPTABLE GIFTS

The receipt of gifts from suppliers and business associates is to be discouraged. However, on disclosure to management, staff may/might be permitted to accept gifts which comply with the following criteria:

- Lunches or meals (including after hour functions provided by a supplier)
- Gifts (normally of a promotional nature) which can be used in the office (calendars, desk pads, pens bearing logo, etc.)
- Food or drink in reasonable proportions (Biltong, boxes of chocolates, flowers etc.)

Gifts should be of a low value so that staff member does not feel obligated to the giver. All gifts received should be disclosed to the staff member's immediate manager and recorded in a Gifts Register. Gifts which are regarded as being unsuitable or unrealistic in value, will be returned to the supplier. The Company reserves the right to take disciplinary action with regard to employees receiving gifts that are NOT disclosed.

The giving of gifts to customers or suppliers etc. must be approved by the Dealer Principal or Key Individual and must be in line with the customer's gift receiving policy. All gifts given must carry the Company logo. It is stressed that this act is intend to express gratitude for a job well done and NOT to obligate or solicit favours.

Entertainment of a client must be pre-approved by a Company Director (Gerhard Visser or Colin Lazarus) and must have a clear business purpose.

## 4 INCENTIVES

The general nature of our business is commission driven. In this context, Management might offer or agree to an incentive over and above the agreed commission structures. It is accepted that incentives are a part of the target driven retail environment BUT are strictly subject to the following rules, terms and conditions:

1. The incentive re amount and duration etc. must be defined
2. ALL incentives must be scheduled and paid to the Company for processing through the normal salary routine.
3. Under NO circumstances may any supplier negotiate, induce or reward any employee Direct. Incentive schemes are a management decision ONLY.
4. APPROVED Incentives are only permitted with acknowledged/approved suppliers thereby ensuring compliance with legislation at all times e.g. the temptation to accept a introductory commission or “spotters” fee from a non-approved Broker is a serious offence particularly as this Broker might not be FAIS compliant.
5. Any incentive or reward scheme or campaign must be considered in the light of it being a “perk” where possible SARS implications may be applicable.

It is a priority intention and requirement of the Lazarus Motor Group to at all times operate openly and fairly with customers and suppliers. The receiving and the giving of business must at all times be on the basis of a competitive value and service standards offered/received. Under NO circumstances will the Group or its representatives be induced into the giving and receiving of business through the medium of bribes or 3<sup>rd</sup> party payments of any nature.

Where applicable and required by law, the Group will at all times list or openly disclose commission or incentive payments received from suppliers.

Employees are expected to transact all dealings with the Groups interests being the priority. Accepting a payment or reward of any nature is highly irregular and the offending parties will be prosecuted to the full extent of the law. As an example – in receiving a trade cover from a supplier where to secure the unit, the employee is offered a “reward” which monies could otherwise have assisted in securing the proposed transaction.

It is the priority and a requirement of this Group to ONLY transact dealings with a panel of approved suppliers. Under NO circumstances may any employee entertain dealings with any supplier who has not been previously approved by senior management. There are potential serious consequences involved as defined by the Consumer Protection Act and the FAIS act.

Contravention or a breach of any of these criteria will be viewed in a serious light and will in most situations result in an immediate dismissal. In addition, where it is shown that the Group incurred a loss or was fined, these amounts will be recovered from the offending or guilty party (ies).