

La Prudence Leasing Finance Co. Ltd

Conflict of Interest Manual

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Overview

The purpose of this document is to set out the conflicts of interest policy ("Policy"), established in accordance with the Section 18(6) (b) of the Banking Act 2004.

General Principle

LPLF endeavours always to act professionally and independently with the client's best interests in mind, and takes all reasonable steps to identify and prevent conflicts of interest that may arise in the course of providing its services. Such conflicts of interest may arise between:

- LPLF (either as a single entity or as a result of the interaction between different entities within Prudence Holding Co Ltd, the holding company) and a client of LPLF;
- LPLF's staff, its representatives or any person directly or indirectly linked to LPLF by control and a client of LPLF;
- One client of LPLF and another.

Where appropriate internal measures designed to manage conflicts of interest are considered insufficient to mitigate, with reasonable confidence, risks of damage to a client's interests, LPLF will disclose the general or specific nature of these conflicts of interest openly to the client or clients concerned.

Scope

1. Identification of conflicts of interest

LPLF has implemented organisational measures to identify generic conflicts of interest that may occur, as described above. In addition, employees are responsible for identifying and reporting specific conflicts of interest to senior management.

To determine whether a conflict of interest may arise, LPLF's employees are required to consider the following circumstances:

1. LPLF and/or its Representatives are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
2. LPLF and/or its Representatives has an interest in the outcome of a service provided to a client or a transaction carried out on behalf of a client which is distinct from the client's interest in that outcome;
3. LPLF and/or its Representatives have a financial or other incentive to favour the interests of one client or group of clients over the interests of another client;
4. LPLF and/or its Representatives carry out the same business as a client;
5. LPLF and/or its Representatives receives or will receive from a firm or individual other than the client concerned an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

2. Process for preventing and managing conflicts of interest

LPLF maintains and operates effective organizational and administrative measures designed its clients.

These arrangements take into account any circumstances which may give rise to a conflict of interest arising from LPLF's organisational structure and potential conflicting activities of LPLF.

The following are the main ways in which LPLF shall manage conflicts of interest:

2.1. Segregation of duties

Key activities which, by their nature, can give rise to conflicts of interest are segregated within the organization. In addition, adequate internal procedures regulate the processes and restrict the flow of information among, and within Business Units and companies within the Holding Company so that activities are carried out with an appropriate level of independence and conflicts of interest that may harm the interests of one or more clients are avoided.

Duties and /or functions may be delegated, where necessary, to other Group entities with equivalent measures being; namely non-material outsourced functions such as IT and HR management. LPLF has to ensure however that no instruction or information shall be exchanged between or disclosed to delegated Service Providers prior approval of LPLF.

2.2. Staff matters:

The following are the main measures taken by LPLF in relation to its managers and employees:

- **Appointment**

The Company shall ensure that at any appointment of any potential candidate, that it has paid particular attention at the assessment stage to the potential conflicts of interest that could arise;

- **Remuneration:**

The compensation package is based on a basic salary and a discretionary bonus which is related to performance against staff objectives and performance of LPLF as a whole. It is not directly linked to specific transactions. However, in respect to the Remuneration of the Marketing Executive, no dealing with the Client is allowed past the inception of a prospective Client as Client of LPLF. The Marketing Executive shall not be involved into the management and administrative aspect of the Client's Portfolio;

- **Gift and Entertainment**

No senior manager or employees shall use their positions within LPLF for significant personal gain for themselves, their families or any other persons. All gifts and

entertainment above a designated value of Rs 5,000 must be approved by the MD/or Chairman of the Board prior to acceptance;

3. Transactions between the company, its managers, directors or shareholders.

The personal interests of a director, or persons closely associated with the director, must not take precedence over those of the company and its shareholders. The Company shall implement the following procedures:

- **Register of Interests**

The director must be consciously aware of the situations that can lead to conflicts of interest, in order to be in a position to point them out to the chairperson and board at an early stage.

Where an actual or potential conflict does arise, on declaring their interest and ensuring that it is entered on the Register of Interests of the company, a director can participate in the debate although his vote shall not be counted. The director must give careful consideration in such circumstances to the potential consequences it may have for the board, company and him.

The Compliance Officer shall maintain the Register of Interest.

4. Monitoring & Compliance

Senior management is responsible for ensuring that this policy is issued and revised on a regular basis. It also ensures that the Compliance department monitors compliance any internal instructions relating to conflicts of interest and act as check & balances.

A yearly report shall be submitted to the Corporate Governance and Remuneration Committee on the issues pertaining to same and recommendation where required.

5. Record Keeping

LPLF maintains records, for a period of SEVEN years, of the services and activities performed in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen.