

Remuneration Policy

The Financial Conduct Authority (FCA) expects firms to conduct their business within the Principles for Business and Consumer Outcomes they have put in place.

The FCA also have specified rules which outline the requirement that a firm must take care to establish and maintain such systems and controls as are appropriate to its business.

California Car & Commercials Limited manage staff remuneration, including incentives in such a way that any potential risk of mis-selling is reduced.

The FCA has published guidance in this area including good and bad practice.

This policy refers to that guidance to aid understanding of the requirements when considering how staff and management working in an FCA regulated environment at California Car & Commercials Limited should be remunerated. It also details the risk mitigation actions that California Car & Commercials Limited take.

Who is responsible for this?

California Car & Commercials Limited have robust procedures for the effective management of remuneration schemes. It is the responsibility of Mario Di Fazio to ensure that these procedures are followed throughout our business.

It is our responsibility to ensure that pay plans/staff bonus structures avoid any characteristics that could lead to customer detriment e.g., ladder or 'cliff edge' elements and contain compliance quality features, including but not limited to, 100% claw back for the compliance failure - failure to diligently load any sale into agreed systems or product provider platforms.

How does this affect us?

California Car & Commercials Limited will not accept any secret profit, income, or inducement from any Product Provider, which provides an incentive to promote or recommend any one product in preference to other products.

It is acceptable to incentivise our staff to sell, but this must never be at the customer's expense and the risks must be managed appropriately.

It is the responsibility of Mario Di Fazio to set and regularly review the remuneration and incentive scheme for their staff. When doing so management should take into consideration the failings highlighted by the FCA as detailed below:

- Firms failing to identify how incentive schemes might encourage staff to mis-sell, suggesting they had not sufficiently thought about the risks. e.g., where the firm offers competing products with different terms, and one provides a greater commission to sales staff.
- Firms failing to understand their own incentive schemes because they are so complex, therefore making it harder to control them.

- Firms not having enough information about their incentive schemes to understand and manage the risks.
- Firms relying too much on routine monitoring, rather than taking account of the specific features of their incentive schemes.
- Sales managers with clear conflicts of interest that are not properly managed.
- Firms having links to sales quality built into their incentive schemes that were ineffective.
- Firms not doing enough to control the risk of miss selling in face-to-face situations.
- If the incentive schemes increase the risk of mis-selling.
- Review whether the governance and controls are adequate to ensure compliant sales.
- Take action to address any inadequacies – this might involve changing the scheme.
- Where risks cannot be mitigated, take action to change the scheme.
- Consider the impact of performance management for scheme members.

California Car & Commercials Limited remuneration scheme is documented and available upon request.

California Car & Commercials Limited Incentive Scheme includes the following:

- All staff that can potentially earn commission from regulated sales.
- A quality (compliant) element e.g., number of complaints against a salesperson will affect their bonus.
- Effective systems and controls to manage risks that may arise from the remuneration scheme.
- A static bonus payment per product sold with no ladders or volume-based measures.
- Consideration of customer cancellations e.g., commission is not available to sales staff where a customer cancels within the first 30 days.
- A capped (or decreasing) incentive i.e., reducing, or capping bonus' when a sales volume is approached. This avoids the temptation to rush sales through.

No scheme must contain significant remuneration boosts for achieving sales targets alone at given points in time. These are known as 'cliff edges' or 'precipices'.

Monitoring & Reporting

California Car & Commercials Limited maintain records of all incentive schemes for all employees. Historic records are also retained.

California Car & Commercials Limited will ensure all staff have documented Key Performance Indicators (KPI's) which may be periodically reviewed to ensure there are no incentives to mis-sell as per the FCA guidance.

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