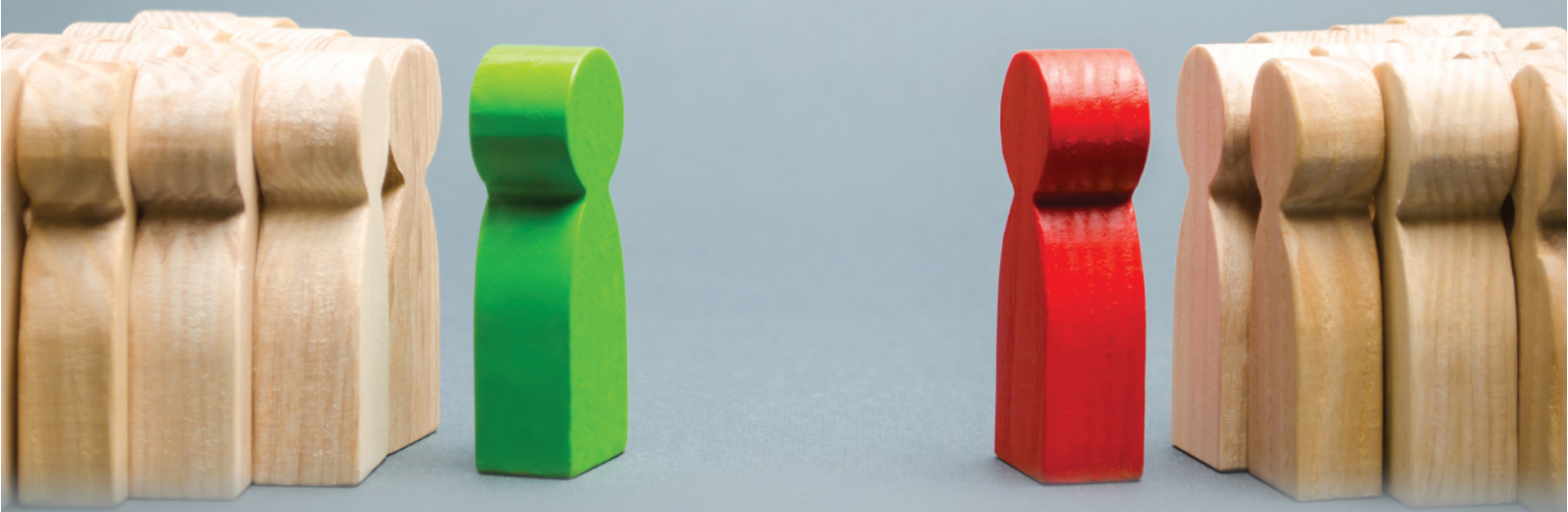




UNCOMMONLY INDEPENDENT



POLICY
CONFLICT OF INTEREST

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1 INTRODUCTION

The Conflicts of Interest Policy [COI Policy] outlines how Lockton International Holdings Limited [LIHL] and its Subsidiaries actively approach and manage Conflicts of Interest [COI].

COI occur at all levels, internally as well as with clients. Examples of COI that can occur within Lockton are conflicts between two clients, an Associate's personal conflict in relation to their role, or pursuing a personal interest at the expense of a client's best interest. In all cases, it is an Associate's duty to always act in the best interest of the client and to be transparent, ensuring that conflicts are identified, notified, and monitored to prevent or mitigate any detriment that may arise.

The COI Policy should be read in conjunction with any associated procedure documents which provide a higher level of detail of the different types of conflicts that can arise, the handling of potential and actual conflicts, and the monitoring and oversight that should be in place when a conflict is identified.

2 PURPOSE, APPLICATION AND RESPONSIBILITIES

The Purpose and Structure

The purpose of this policy is to set out LIHL approach to managing COI within the stated risk appetite. The policy and its associated procedural guidelines contain:

- Background discussion of COI, including the definition, legal and regulatory requirements, categories of COI and examples of the different 'types' of conflicts.
- Our approach to the management of COI and examples of breaches and remediation.

Application and Scope

- This policy applies to the activities of each Subsidiary and if applicable any Appointed Representatives (AR's).
- This policy applies to all products and services sold or provided by the Subsidiary, including third party Premium Finance.
- In the UK, where a potential COI arises as a result of an interaction between the Subsidiary and Omnyy, presumption is (on basis that the Subsidiary has client contact) that the Subsidiary will assume responsibility for the management of the COI.
- This policy does not include the Subsidiaries Directors / Partners personal conflicts that may arise as a result of external appointments (these are managed through the procedures laid down by Company Secretariat).
- This policy includes Gifts and Entertainment to the extent that they may create COI. The requirements of the 2010 UK Bribery Act are properly covered under financial crime policies and procedures.
- Throughout this policy references are made to the UK Regulator's rules (the FCA) and England & Wales court cases. For overseas jurisdictions, these should be seen as the base standard and adjusted, where necessary, for local requirements and laws.

Responsibilities

- It is the responsibility of each Associate of LIHL and its Subsidiaries to declare a conflict of interest to their local Compliance function as soon as they are made aware of it, and to respond to the annual conflict of interest attestation. Annual attestations will allow Associates to confirm their understanding of COI requirements, and that all conflicts and potential conflicts have been reviewed and recorded as required.

- The Head of Compliance is responsible for reporting the outcome of annual attestations to the Risk & Control Committee.
- The Board of the Subsidiary (in the case of UK Subsidiaries, delegating to the Risk & Control Committee) is responsible for the approval of this policy (including any amendments) and for overseeing its effectiveness.
- The Risk & Control Committee (for UK Subsidiaries) / local Compliance is responsible for receiving reports regarding the current status of COI risk and reporting any significant COI related matters to the governing body of the Subsidiary who will assess whether this can be managed locally or escalated further.
- Where there are local legal and regulatory changes required, it is the responsibility of the Subsidiaries' local Compliance function to update their operational procedures accordingly.
- Local Compliance is responsible for assisting implementation by the first line of defence; reporting control effectiveness and exceptions to the Risk & Control Committee / Subsidiary Governing body; and assisting the first line of defence functions in turning policy requirements into operational procedures where appropriate.
- The first line Operations functions in the Subsidiary are responsible for ensuring that there are policies and procedures in place such that the requirements of this policy are implemented effectively.

3 INTRODUCTION

LIHL and its Subsidiaries are committed to adhere to the principal of respecting, valuing and nurturing relationships with our clients. LIHL clients' best interests should always be put first, and this Policy assists with ensuring the creation and maintenance of a healthy approach towards managing COI fairly, so that the possibility of detriment arising is minimised to within our stated risk appetite.

It is the duty of Associates at all levels to:

- Be aware of the different 'types' of COI, so that they are able to actively work to avoid or mitigate any detriment that may potentially occur.
- Be transparent in their work and take responsibility in identifying a COI when it occurs or has the potential to occur.
- Notify their local Compliance function, no matter how insignificant the COI may seem.
- Be informed that local Compliance may need to communicate with an Associate's line manager to discuss a COI that has been reported.

Types of COI

1. Structural Conflicts

These are sources of conflict that arise because of the strategy pursued by Lockton, or because of agreements entered into by Lockton that operate above the level of individual clients. Because these arrangements are embedded at a level above individual client transactions, they can potentially impact more than one customer. They create conflict because they could lead Lockton and Associates to act in a way that benefits Lockton to the detriment of clients – for example, passing over more suitable product in favour of less suitable; or otherwise exposing customers to financial loss.

2. Personal Conflicts

As distinct from the structural conflicts, these COI can arise as a result of incentives for individual Associates that might lead them to behave in ways contrary to the interests of

customers – in the sense they are “personal” to the Associate, albeit in the course of their employment.

3. Situational Conflicts

Situational conflicts arise from particular circumstances, as opposed to structural or personal causes.

COI are recorded in a central database controlled by local Compliance. The recording of COI allows oversight and control of ongoing conflicts that could allow for detriment to occur which would impact both LIHL or its Subsidiaries and their clients.

The local Compliance function of each international office is required to conduct an annual review of all COI. A procedure document should be created locally, to determine how this review is conducted for each location.

Where there are local legal and regulatory prohibited/permitted acts that may differ from the legal and regulatory acts of another Subsidiary such as the UK, it is the responsibility of each local Compliance function to amend their procedures and controls accordingly. For example, volume overrides have an elevated potential for detriment to occur and are prohibited in the UK.

4 GOVERNANCE PROCESS

The following details are the key groups and owners who should review and approve the Conflicts of Interest policy:

- International Risk & Compliance Department in the UK are responsible for keeping this policy up to date and in line with legal and regulatory requirements.
- The Risk & Control Committee is responsible for the review and approval of this policy; for receiving reports and annual attestations regarding the management of risks associated with conflicts of interests; and escalating significant related matters to the LCLLP Board.

ANNEXURE A – EMPLOYEE ACCEPTANCE

I, the undersigned employee, agree that I have read the Conflict of Interest Policy and agree to the terms and conditions as set out therein.

Signature: _____

Name: _____

Department: _____

Signed at _____ on this the ____ day of _____.

Our mission

We safeguard our corporate clients by offering quality, tailor made insurance broking solutions, delivered by a team of highly skilled professionals.

Our Vision

To be the largest and most trusted, privately owned Corporate insurance broker in South Africa



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