

CONFLICT OF INTEREST MANAGEMENT POLICY

1. Introduction

This note is intended to provide the reader with a clear statement on the management of Conflicts of Interest that exist or may exist within Leppard and Associates (Pty) Ltd (“Leppard Underwriting”). The policy is drafted in terms of section 3A(2)(a) of the Financial Advisory and Intermediary Services Act, 37 of 2002 (“FAIS”) General Code of Conduct for Financial Services Providers and Representatives, as amended from time to time. As an authorized FSP, Leppard Underwriting is obliged to comply with the prescribed Conflict of Interest provisions of FAIS. All employees of Leppard Underwriting who are involved in the business of Leppard Underwriting are obliged to conduct themselves in a professional manner and in line with this policy. This policy seeks to adopt measures to avoid any Conflict of Interest, identify the existence of any Conflict of Interest, and to disclose the existence of any Conflict of Interest. Further it seeks to set out the process, procedures and internal controls to facilitate compliance with the policy as well as to highlight the consequences of non-compliance with the policy by Leppard Underwriting’s employees. This policy is by no means an exhaustive analysis addressing every Conflict of Interest situation that may arise. The policy is intended to assist employees in making the right decisions when confronted with potential Conflict of Interest issues.

2. Leppard Underwriting business

Leppard Underwriting is a specialist underwriting business, underwriting on

behalf of Lombard Insurance Company Ltd (“Lombard” or “Product Provider” as the context requires). Leppard Underwriting is licensed as a Financial Services Provider (FSP) with the Financial Sector Conduct Authority under licence number 18178. In this context Leppard Underwriting is a product supplier and works as an insurance service provider. Leppard Underwriting activity includes the assessment of risks of and exposures to liability to a variety of professional and business risks, the determination of premium and relevant insurance contract conditions, quoting and acceptance of risk, policy issuing, administration and claims management. Leppard Underwriting will never refer to itself as an authorised FSP should its licence be withdrawn or lapsed.

3. Ownership

The shareholders of Leppard Underwriting are Lomvest (Pty) Limited; SCJ Sinclair; G Standen and ESG von Roretz.

4. Relationships

Leppard Underwriting has a number of relationships in connection with its business.


Key relationships

- 4.1 Leppard Underwriting has a relationship with Lombard as set out above. As such, Leppard Underwriting does not refer to itself as independent due to this relationship.
- 4.2 Leppard Underwriting has a 100% interest in Abelard Underwriting Agency, an insurance underwriting business.
- 4.3 Leppard Underwriting also has relationships with other Financial Services Providers. Leppard Underwriting conducts its business only with insurance brokers or insurance intermediaries who are

authorized and are registered Financial Services Providers. These Financial Services Providers have an independent obligation to declare their interests and conflicts.

- 4.4 Leppard Underwriting does not interact with any policyholder directly in selling any product or in the provision of advice but where requested or as appropriate may interact with a policyholder in relation to any matter but especially policy claims, but then only to the extent authorized and in accordance with the Product Providers' product.
- 4.5 Leppard Underwriting, as part of normal business practice, has relationships with various third party service providers such as loss adjusters, attorneys, accountants, and IT companies. This list is not exhaustive.
- 4.6 Leppard Underwriting also has a relationship with its employees as a result of employment contracts, and the concomitant remuneration policies. All Leppard Underwriting employees are required to complete annually a Conflict of Interest questionnaire, which is aimed at identifying any potential Conflict of Interest that might exist. Any such potential Conflict of Interest disclosed will be assessed and appropriate action taken where necessary.

5. Remuneration

- 5.1 No employee is remunerated solely on the basis of the volume of business produced, although this may be one of the factors taken into consideration when salaries are reviewed annually. Leppard Underwriting has procedures in place to ensure that business is not written for volume rather than quality.
 - 5.2 Leppard Underwriting's remuneration is variable but is dependent on
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two key elements:

- (a) a management fee as a direct reimbursement of costs aligned to and commensurate with the cost of its daily activity; and
 - (b) a participation in the profitability of the insurance business underwritten determined after accounting for intermediary and broker commissions, Lombard management and solvency fee, Leppard Underwriting management fee, reinsurance and claims.
- 5.3 Leppard Underwriting does not receive any remuneration from any Financial Service Providers.
- 5.4 Leppard Underwriting receives more than 30% of its remuneration from Lombard.

6. Leadership:

Leppard Underwriting's Board of Directors oversees the business of Leppard Underwriting including the compliance with all applicable legislation, and this policy. All employees play a key role in the application of this policy and are expected to demonstrate their personal commitment to this policy and ensure their compliance with it.

7. The policy applies to:

All directors, employees and consultants of Leppard Underwriting are required to comply with this policy. The policy applies across the whole spectrum of Leppard Underwriting's business.

8. Definition of Conflict of Interest:

A Conflict of Interest, in general terms, arises in any situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity. In a financial services context, Conflict of



Interest means any situation in which a Financial Services Provider (“a FSP”) or Representative, has an actual or potential interest that may influence their rendering of a financial service to a client, or influence their ability to provide such service objectively or prevents them from rendering an unbiased and fair financial service to a client, or from acting in the best interests of a client, or their deriving a personal benefit in such a situation.

The guiding principles of this policy are that Leppard Underwriting and its employees must, when rendering intermediary services, act honestly, fairly, with due care, skill and diligence. There must, at all times, be a due regard to the interest of the clients and the integrity of Leppard Underwriting as well as that of the financial service industry as a whole.

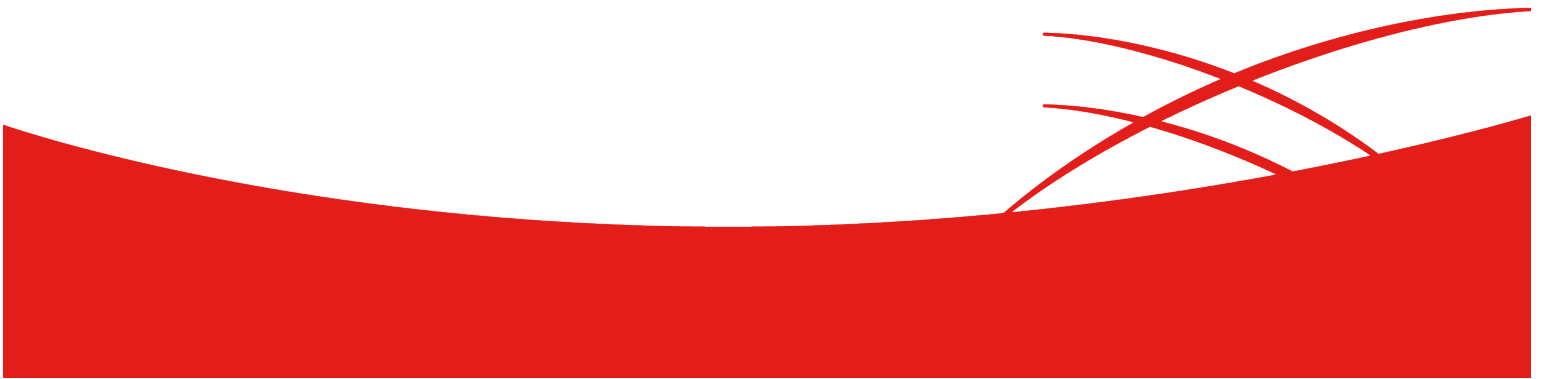
9. Identifying and managing conflict of interest

Leppard Underwriting strives towards ensuring that it is able to appropriately and effectively identify and manage potential conflicts. Leppard Underwriting may manage potential conflicts through avoidance, establishing confidentiality barriers or by providing appropriate disclosure of the conflict to affected clients.

In determining whether or not there is or may be a conflict of interest, Leppard Underwriting considers whether or not there is a material risk of damage to the client.

10. Confidentiality barriers

Leppard Underwriting’s employees respect the confidentiality of client information and disclose or use it with circumspection. No such information will be disclosed to a third party without the prior written consent of a client. No confidential client information may be used by Leppard Underwriting or our employees for their own personal financial gain.



11. What is “financial interest”:

A financial interest can take any of the following forms - cash payment, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable considerations. This list is not exhaustive.

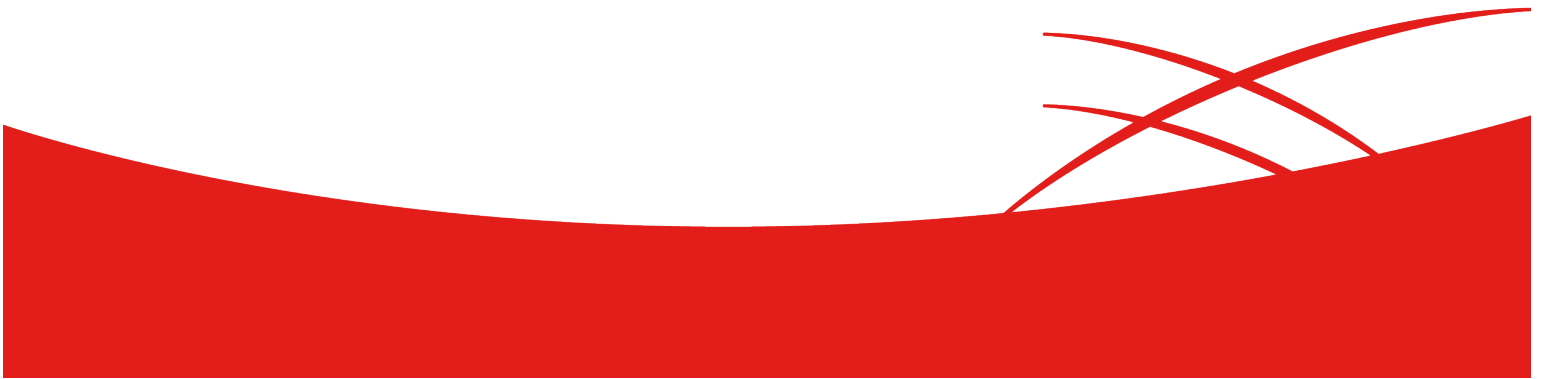
The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with customers and or a provider’s clients. Reasonable business entertainment and customer gifts of immaterial financial interest are permitted, including promotional events, provided that the offer is consistent with usual business practice and cannot be viewed as bribe or a payoff and certainly cannot be in violation of this policy.

12. Consequences of non-compliance with this policy:

Leppard Underwriting’s employees are obliged to report every suspected or actual transgression of this policy to one of the Directors and all employees should avoid any situation that may create or appear to create a situation which could be determined to be a Conflict of Interest. Once there is a Conflict of Interest, employees may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.

A violation of this policy is a serious matter that could cause harm to Leppard Underwriting and also could result in disadvantaging certain of Leppard Underwriting’s clients.

Any employee, who fails to comply with this policy, will be subjected to the appropriate disciplinary proceedings in terms of Leppard Underwriting’s Disciplinary Code which could result in the termination of their employment with Leppard Underwriting.



13. Amendments to this policy:

Leppard Underwriting reserves the right to determine how this policy applies to any particular situation and to amend or modify this policy as it, in its discretion deems appropriate.

This Leppard Underwriting can do without giving prior notice to or having been in consultation or reaching agreement with any provider. All amendments that Leppard Underwriting may make to this policy shall be communicated to employees.

14. Measures aimed at identifying Conflict of Interest:

It is the responsibility of all employees to maintain the good name and standing of Leppard Underwriting by conducting themselves professionally and in accordance with all rules, regulations and legislation which govern Leppard Underwriting.

Compliance with all rules, regulations and legislation is the individual responsibility of each employee. Each employee must accept personal responsibility for behaving correctly and in accordance with this policy. Likewise, each employee is obliged to stop or prevent any actions that are contrary to the content of this policy and which could cause any harm to Leppard Underwriting as a result.

Set out below are various ways in which Conflicts of Interest may be identified:

- use of the Leppard Underwriting disclosure of interest register will provide information on Conflicts of Interest;
- annual monitoring of Conflict of Interest disclosure register – Leppard Underwriting conducts an annual Conflicts of Interest review together with its Compliance Officer, who is an independent service provider and reports to

the FSB accordingly;

- regular monitoring of commissions and fees that are paid /received – Leppard Underwriting does not pay any commission to any Financial Service Provider. Such commission is paid by the Product Provider. Leppard Underwriting is connected to this transaction in terms of its authorities. Leppard Underwriting does from time to time entertain Financial Service Providers. The value of such entertainment is restricted to not more than R1000.00 per calendar year in respect of any Representative of any Financial Service Provider. This is managed by way of Leppard Underwriting maintaining a schedule of Representatives reflecting the value spent during the calendar year, such expenditure requiring the prior approval of a Director. No Representative of any Financial Service Provider may receive from Leppard Underwriting any incentive, reward or similar other than as stipulated above. Leppard Underwriting does not provide any preferred status to any Financial Service Provider in relation to any particular product or volume of business produced;
- monitoring of gifts/interest offered or received by Leppard Underwriting on a continual basis.

The above is not an exhaustive list of how to identify the existence of a Conflict of Interest.

15. Process, procedures and internal controls aimed at facilitating compliance:

Training of all employees on the Conflict of Interest Management Policy will be provided. The relevant legislative provisions will be highlighted during training to highlight the awareness and the importance of compliance with this policy.

If any employee at is in any doubt as to whether a particular conduct amounts to a Conflict of Interest or not, that employee must contact their

immediate supervisor and/or one of the Directors for clarity and guidance.

16. Measures aimed at mitigating Conflict of Interest:

Employees should avoid engaging in activities which will result in a Conflict of Interest. One must not use improper means to, for example, obtain business from a particular representative/broker.

If employees realise that there is a potential or actual Conflict of Interest, the employee must, timeously and fully disclose any such potential or actual existence of a conflict to Leppard Underwriting by reporting same to their immediate superior and/or one of the Directors.

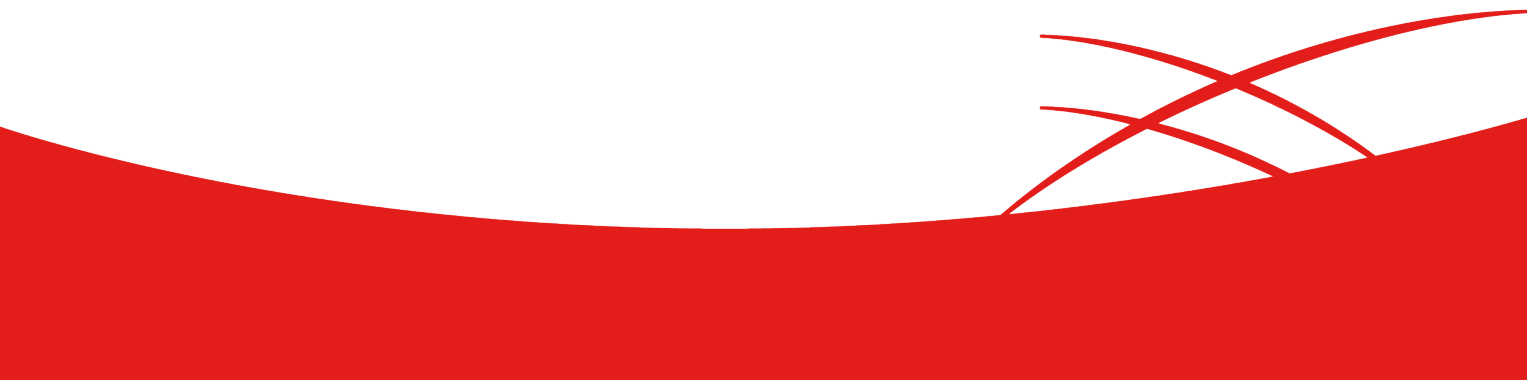
Employees who are faced by what is clearly a Conflict of Interest situation, must desist from continuing with any participation in such situation or activities. Should any employee not be certain about an intended transaction of theirs being a possible transgression of this policy, the employee must approach one of the Directors who will evaluate the intended transaction and give guidance.

Depending on the severity of non- compliance on the part of employees the following actions can be taken:

- Written warning,
- Training can be recommended,
- Coaching,
- Dismissal.

17. Publication and reporting:

This policy is available on Leppard Underwriting's website. Leppard Underwriting's annual FAIS Compliance Management report will include a report on accessibility, implementation, monitoring and compliance of this policy.



18. Management of Conflict of Interest:

This policy forms part of the risk management framework of Leppard Underwriting. All queries regarding this policy can be directed to one of the Directors.

This policy was approved by the Directors on 24 November 2020.

