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# Conflicts of Interest Policy

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August 2024

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## Table of Contents

|                                                          |   |
|----------------------------------------------------------|---|
| Introduction                                             | 4 |
| Objective                                                | 4 |
| Policy Definition                                        | 4 |
| Scope                                                    | 4 |
| Roles and Responsibilities                               | 4 |
| Our Commitment                                           | 5 |
| Policy Standards                                         | 5 |
| Regulatory Background                                    | 5 |
| What is an Outside Business Interest?                    | 5 |
| Disclosure of Outside Business Interests                 | 6 |
| Procedures                                               | 6 |
| Awareness & Training                                     | 6 |
| Record Keeping                                           | 7 |
| Annual Review                                            | 7 |
| Appendix 1: Outside Business Interests Notification Form | 8 |

## **Introduction**

### **Objective**

Golden Leaves takes all reasonable steps to identify and manage conflicts of interest.

This policy has been established to define what constitutes a conflict of interest and the controls in place to mitigate these.

### **Scope**

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located. This policy also applies to Appointed Representatives and Introducer Appointed Representatives.

## **Roles and Responsibilities**

The Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

The Head of Regulation has primary and day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation.

All staff (including at Appointed Representatives and Introducer Appointed Representatives) are required to complete appropriate training on the application of this policy.

Management at all levels are responsible for ensuring those reporting to them are aware of and understand this policy and are given adequate and regular training on it.

All appropriate staff across Golden Leaves must read, understand and comply with this policy.

It is the responsibility of the individuals concerned to ensure the information held about them is correct and that any changes are advised promptly to Compliance.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

## **Our Commitment**

Golden Leaves is committed to conducting all of our business in an honest and ethical manner.

We are committed to ensuring that all staff act ethically in their roles and that they maintain Golden Leaves' integrity and protect its reputation by ensuring that any outside business interests are made known to Golden Leaves.

## **Policy Standards**

### **Regulatory Background**

The FCA Principles for Business (PRIN) are located in the FCA Handbook. These principles are the fundamental obligations for FCA Authorised firms under the regulatory system. Of these Principles, the three most pertinent in this instance are:

- Principle 1: A firm must conduct its business with integrity.
- Principle 3: A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- Principle 8: A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

All authorised firms must have processes in place to actively manage and mitigate actual or potential conflicts of interest. Requirements for funeral plan providers are set out in SYSC 10 (conflicts of interest).

### **What is a Conflict of Interest?**

A conflict of interest exists where any individual or business acting for on behalf of Golden Leaves acts in a way that prioritises personal interest or gain over the legitimate business interest or legal and regulatory responsibilities of Golden Leaves.

Instances where conflicts of interest may occur include situations where:

- A prospect of personal financial gain exists at the expense of Golden Leaves or of any customer of the firm
- Personal interest exists in the outcome of a service provided to a customer of Golden Leaves
- Financial or other incentives of any description exist which may favour personal interests over those of Golden Leaves

Currently identified examples of the above include:

1. Sales staff seeking to maximise pay and reward at the expense of compliant sales ("pay and reward risk").
2. Funeral plans sold by Appointed Representatives which may maximise revenues accruing to funeral directors by inclusion of services not relevant to customers' needs or by ensuring customers buy pre-need funerals where these are not consistent with customers' demands or needs ("appointed representative risk").
3. Staff whose interest (financial or otherwise) in any other business may risk prioritising the interests of that business over either Golden Leaves or any customer of the firm

or seeking to influence the business and conduct of Golden Leaves in any way (“outside business interest risk”).

4. Products may be developed which seek to maximise commercial opportunities for Golden Leaves at the expense of customers’ legitimate interests (“product development risk”).

Specific conflicts of interest identified by the firm are recorded in its Conflicts Register, along with measures in place to mitigate those risks.

## **Pay and Reward Risk**

Risk that sales staff and those responsible for them are incentivised to sell plans not demonstrably in the interests of customer is mitigated as follows:

- The size of incentive payments awarded to sales staff for the sale of individual plans is unrelated to the value of the plan to Golden Leaves. Reward for individual plan sales is uniform, regardless of plan type sold.
- Incentive clawbacks are made in respect of any plan cancelled within 12 months of sale.
- Sales scripts are approved by Regulation which ensure that information is provided in a way consistent with customers’ best interests.
- Monitoring of sales compliance with scripts via VOYC AI software
- Monitoring of sales compliance via onboarding calls to customers to assess satisfaction and service understanding and compliance with relevant Consumer Duty outcomes) and which acts as a file review is carried out by onboarding staff who are functionally and organisationally independent of Golden Leaves’ sales staff.
- Incentive clawbacks are made in respect of any plan that is identified by sales compliance monitoring as failing compliance.

## **Appointed Representative Risk**

Compliance monitoring of Appointed Representatives’ sales (coupled with system-driven controls) mitigate non-compliance by ensuring that demands and needs tests are aligned to customers’ purchases and provide evidence of rationale for plan purchases. In addition:

- No incentive is paid to Appointed Representative staff for plan sales.
- Monitoring of sale quality acting as file reviews is carried out by onboarding staff and results fed back to relevant Appointed Representative firms.
- Instruction is given via completion of mandatory e-learning

## **Outside Business Interests Risk**

In order to mitigate the risk of conflicts of interest arising from activities carried out other than on behalf of Golden Leaves, directors and employees are required to declare any employment and remuneration by or shareholding or other ownership of any outside

business of whatever form, status or legal standing, and irrespective of whether remunerated or otherwise compensated for.

Examples of outside business interests include (but are not limited to):

- Directorships of or other senior-level involvement or ownership of or influence upon or with a public or private limited company (including other companies who may be engaged in or otherwise involved in provision of services with or to Golden Leaves such as Appointed Representatives);
- Material shareholdings, investments or other interest in any limited company, partnership or unincorporated business;
- Any institution/society where a high level of influence is exercised, for example a treasurer;
- Any other position in an institution/society where remuneration is received for carrying out duties;
- Exploitation of employment or engagement by Golden Leaves in any way to promote the individual's personal interests, whether these are financial or not;

All of the above may relate not only to individual staff members but also to close family members (parent, spouse, civil partner, anyone with whom the individual is living in an enduring relationship) or a child (whether natural or by marriage or adoption) of the staff member or another close family member. This list is not exhaustive and all staff are expected to interpret this in the spirit of this policy, avoiding even perception of a conflict where it is appropriate to do so.

In any cases of doubt, the matter must be referred to the Head of Regulation for guidance – it is expected that staff will err on the side of caution at all times. It is the duty of every director and employee to determine whether a potential conflict of interest exists and to avoid any situation which may lead to conflicts, whether actual or potential.

To minimise likelihood that risk is unacknowledged, all directors are under an obligation to declare at the beginning of each board meeting the existence of any actual or potential conflict of interest as defined in this policy. Any such declarations will be duly recorded.

Notwithstanding Article 14 of the Articles of Association of the company, a director cannot vote on a resolution of the company about any contract or arrangement in which that director has an interest.

Details of how to declare outside business interests are set out below (Disclosure of Outside Business Interests).

## **Disclosure of Outside Business Interests**

In circumstances where employees are aware of potential conflicts of interest due to Outside Business Interest Risk, they must declare them by completing the Outside Business Notification Form, an example of which is provided in Appendix 1.

Those who are considering or wish to engage in, an external activity must obtain prior approval from the Head of Compliance before commencing in the activity.

New employees must disclose existing external activities within seven days of joining Golden Leaves.

The Compliance Team must be informed in all circumstances. On receiving a Notification Form, the matter will be discussed with the Head of Regulation and the outcome communicated to the individual concerned. In some circumstances, it may be necessary for the matter to be raised by the Head of Regulation with the Board if it is likely that a decision on whether to accept the risk is required.

## **Management of Outside Business Interests**

Where notified by the Head of Regulation, the Board will decide upon appropriate action to manage the declared interest. Where an interest is declared by directors, the board may require by simple majority vote non-attendance at relevant parts of board meetings or other recusal by the relevant party.

## **Product Development Risk**

The Financial Conduct Authority has introduced its Consumer Duty initiative and associated product development rules set out in section 7 of the Funeral Plans Conduct of Business Sourcebook ("PROD") with the intention of reducing the likelihood that products are introduced which are dependent on exploitation of customers' information imbalances and other biases.

Golden Leaves has introduced product governance processes to ensure that development of any new plan is carried out according to defined criteria and approval processes. Approval of new plans and performance of existing plans are subject to review according to criteria set out in our Product Approval and Review Policy and our Product Oversight and Governance Policy.

## **Providing Gifts and Hospitality**

Golden Leaves permits corporate entertainment, gifts, hospitality and promotional expenditure by Golden Leaves staff that is undertaken:

- for the purpose of establishing or maintaining good business relationships;
- to improve the image and reputation of the company; or
- to present the company's services effectively;

provided that it is:

- arranged in good faith, and
- not offered, promised or accepted to secure an advantage for the company or any of its employees or associated persons or to influence the impartiality of the recipient.

The Company will authorise only reasonable, appropriate and proportionate entertainment and promotional expenditure.

This applies to employees and associated persons, whether based in the UK or overseas. However, those with remits overseas will be given further training on the specific procedures that they are required to follow.

Employees and, where relevant, associated persons should submit requests for proposed hospitality and promotional expenditure well in advance of proposed dates to their manager or a director of the company.

Employees are required to set out in writing:

- the objective of the proposed entertainment or expenditure;
- the identity of those who will be attending;
- the Company that they represent; and
- details of and rationale for the proposed activity.

The Company will approve business entertainment proposals only if they demonstrate a clear business objective and are appropriate for the nature of the business relationship. The Company will not approve business entertainment where it considers that a conflict of interest may arise or where it could be perceived that undue influence or a particular business benefit was being sought (for example, prior to a tendering exercise).

If an employee or associated person wishes to provide gifts to suppliers, clients or other business contacts, prior written approval from a manager is required, together with details of the intended recipients, reasons for the gift and business objective. These will be authorised only in limited circumstances and will be subject to a cap of £50 per recipient.

Employees and, where applicable, associated persons must supply records and receipts, in accordance with the company's expenses policy.

## **Receiving Gifts and Hospitality**

Any gifts, rewards or entertainment received or offered from clients, public officials, suppliers or other business contacts – of whatever value - should be reported immediately to a manager and recorded in the Gifts and Hospitality Register maintained by the Head of HR. Acceptance of gifts or hospitality without declaration in the Gifts and Hospitality Register may be a disciplinary offence.

In certain circumstances, it may not be appropriate to retain such gifts or be provided with the entertainment and employees and associated persons may be asked to return the gifts to the sender or refuse the entertainment, for example, where there could be a real or perceived conflict of interest.

As a general rule, small tokens of appreciation, such as flowers or a bottle of wine, may be retained by employees. Any offer of a gift or hospitality with a value of more than £50 should not be accepted unless and until notified to the Head of HR and approval to accept is received.

## **Gifts and Hospitality – Charitable and Political Donations**

The company considers that charitable giving can form part of its wider commitment and responsibility to the community. The company supports a number of charities that are selected in accordance with objective criteria, following a risk assessment. The company may also support fundraising events involving employees.

## **Awareness & Training**

Training on this policy forms part of the induction process for all new staff (both Golden Leaves and Appointed Representative staff) and is repeated annually.

## **Record Keeping**

The Compliance Team will retain completed forms in a confidential file and will maintain the Conflicts of Interest Register.

Records must be retained as evidence of compliance with the requirements of this policy and the with the FCA regulations and the requirement to manage/mitigate conflicts of interest.

## **Annual Review**

This policy must be reviewed by Golden Leaves' Head of Regulation and the Board every year to ensure its alignment to appropriate legal and regulatory requirements as well as best practice compliance standards and its continued relevance to Golden Leaves' current and future operations.

The Conflicts of Interest Register will be reviewed annually by the Board.

## Appendix 1: Outside Business Interests Notification Form

Please provide details, to the best of your knowledge at the time of completion, for all relevant persons of:

- Any companies of which you or any relevant person are, or have been during the previous ten years, a director and the dates to and from;
- Any company of which you or any relevant person own more than 1% whether or not you are a director of that company and dates to and from;
- Any partnerships in which you or relevant persons are, or have been during the previous ten years, a partner and dates to and from.

Note – Relevant persons include:

- A staff member;
- A staff member's immediate family, e.g. parent, spouse, civil partner, anyone with whom you are living in an enduring relationship, child (whether natural, by marriage or adoption).

### Details

|                                                                             |  |
|-----------------------------------------------------------------------------|--|
| Name of Individual making notification                                      |  |
| Position within {Golden Leaves}                                             |  |
| Nature of Appointment, role or business interest to be /or being undertaken |  |
| Name of and type of Business                                                |  |
| Relationship to {Golden Leaves} (if any)                                    |  |
| Other relevant information                                                  |  |

### Employee Declaration

I confirm that I have fully and honestly disclosed all relevant information relating to this role.

|                      |
|----------------------|
| Signed:<br><br>Date: |
|----------------------|

### Approved by Head of Regulation

Yes/No

|                                                                        |
|------------------------------------------------------------------------|
| If not approved, please provide rationale:<br><br>Signed:<br><br>Date: |
|------------------------------------------------------------------------|

**Approved by Golden Leaves Board  
Yes/No**

If not approved, please provide rationale:

Signed:

Date: