

Conflicts of Interest Policy

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Gallagher

Insurance | Risk Management | Consulting

Policy Overview

Gallagher is committed to operating its business in a way that is open and accountable to stakeholders and the wider marketplace via rigorous corporate governance practices.

Adequate conflict management arrangements help minimise the potential adverse impact of conflicts of interest on clients and Gallagher. Conflicts management systems thereby help promote consumer protection and market integrity by enabling consumers to make confident and informed decisions.

This policy supports the Gallagher's shared Value of Integrity, which requires us to exercise unyielding integrity at all times, adhering to the letter and the spirit of laws and company policies.

Gallagher is committed to maintaining a robust conflicts of interest management system in pursuit of these ends. We are each responsible for acting in Gallagher's best interests at all times. The statements, principles and rules expressed in this policy mandate how Gallagher manages actual, apparent and potential conflicts of interest.

Scope

This policy will apply to all Gallagher people including permanent and temporary employees, contractors, consultants, and seconded individuals as well as any other relevant third parties.

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POLICY

1. Definitions

For the purpose of this policy:

Executive Leadership is the Gallagher Australia Executive Team;

Family Member includes your spouse, children, stepchildren, parents, stepparents, siblings, in-laws, anyone for whom you exercise investment control and any other members of your household.

2. Governing Framework

Corporations Act 2001

Section 912A (1) (aa) sets down the conflicts management obligation. Australian Financial Services (AFS) Licensees are required to have adequate arrangements for the management of conflicts of interest that arise in relation to the provision of financial services.

Section 912A (1) (a) sets down the obligation that all AFS Licensees must do all things necessary to ensure that their financial services are provided efficiently, honestly and fairly.

Regulatory Guide 181: Conflicts of Interest

Outlines ASIC's approach to compliance with the statutory obligation to manage conflicts of interest.

Gallagher (US) Global Standards of Business Conduct

Sets out the standards all employees must adhere to at all times.

3. Roles and responsibilities

Employees are responsible for adhering to this policy and to report actual, apparent and potential conflicts of interest. Employees must also assess their private and personal interests and relationships to determine whether they conflict, or have the potential to conflict, with their employment duties.

General Manager Legal, Risk & Compliance is responsible for:

- (a) Assisting Executive Leadership with the co-ordination, administration and implementation of this policy;
- (b) Assisting with the identification of conflicts of interest throughout Gallagher, including assessing and evaluating identified conflicts and ensuring the appropriate treatment is implemented; and
- (c) Undertake the review of this policy and the conflicts of interest register at regular intervals.

Risk, Compliance & Audit Committee has the authority to review significant operating, financial and compliance risks to ensure Gallagher is effectively managing those risks. The Committee will review material presented to it in relation conflicts of interest and then provide direction where necessary.

4. What is a Conflict?

ASIC's definition of a Conflict of interest involves:

Circumstances where some or all of the interests of people (Gallagher clients) to whom a licensee or its representative (Gallagher) provides financial services are inconsistent with, or diverge from, some or all of the interests of the licensee or its representatives. This includes actual, apparent and potential conflicts of interest.

Therefore we must identify situations in which our personal interests and loyalties are, or appear to be, at odds with the best interests of the company or where the company's interests are, or appear to be, at odds with the best interests of our clients. These situations do arise from a number of different relationships or activities including:

a) Internal/Other relationships

- Having a personal or family relationship with someone at Gallagher;
- a spouse or partner works for a competitor business;
- handling the insurance business for friends or family where you have been involved in a claim or handled, arranged coverage for, or processed a transaction involving yourself or a family member, related party, friend or acquaintance;
- members of staff being related or in a relationship with other members of staff which might influence a staff member's judgement or decision making;
- a claims handler managing a claim of someone he or she knows which might influence their decision making

b) Clients/Suppliers or Third parties

- having a client or customer who is also a Gallagher supplier or service provider
- encouraging a client to obtain a financial product which isn't in the best interest of the client as it will result in higher commissions
- acting for clients who are in dispute with each other and we act for both parties;
- Serving on a board of an organisation that is a Gallagher client;
- The product costs the client more than other comparable products we have available to recommend;
- Gallagher's commission for a product is higher than the other comparable products we have available to recommend;
- doing business with a supplier who is also a very large client and as a result influences Gallagher's decision to choose that supplier;
- doing business with a supplier where the supplier is "connected" to Gallagher (E.g. Gallagher uses a cleaning company which is owned by a relative of a Branch Manager);

c) Outside interests/relationships

- You and or a spouse own 1/3 an office building and Gallagher is one of the tenants;
- Having a financial interest in a product which Gallagher recommends;
- Having an interest or association with the product issuer of the product;
- Having a part time job outside of Gallagher.

d) Gifts/Entertainment

- Receive gifts, prizes and any other benefits from a supplier that are of a significant and material nature, are intended to impact on the advisory outcomes in our business and are tied to or are contingent upon some measurable outcomes generated by us to the provider of the benefit. Examples include any benefit involving overseas trips, supplier provided and structured multi day conferences/seminars/reward programs, benefits involving air travel and accommodation for multiple nights

(For more information of Gifts and Entertainment refer to the **Gifts & Entertainment policy** on the [Legal, Risk & Compliance Intranet](#)).

It is important to ensure all clients are treated fairly. This involves ensuring that when providing a client with a financial service:

1. It does not unfairly put the interests of Gallagher and/or any staff member ahead of the clients
2. It does not unfairly put the interests of one client ahead of the interests of other clients
3. The knowledge about the client is not used in a way that is likely to advance the interests of Gallagher and/or any staff member without sufficient disclosure to the affected clients.

5. Reporting a Conflict of Interest

It is the responsibility of all Employees to adhere to this policy and to report actual, apparent and potential conflicts of interest immediately as they arise to their Business Unit Manager. Furthermore, the Risk and Compliance Team must also be notified of the actual, apparent or potential conflict.

A summary including parties involved should be immediately emailed to the Risk & Compliance Team at riskandcompliance@ajq.com.au for review.

Global Compliance Portal - Convercent

As well as informing your Business Unit Manager & the Risk & Compliance Team, a disclosure must also be made on the global compliance portal, Convercent. This is the central repository for all conflicts of interest and is mandatory for all employees to utilise should there be a disclosure that requires reporting as it will ensure that the situation is reviewed, documented and resolved properly.

If there are any changes in facts or circumstances that may impact the disclosed conflict, you are responsible for updating your disclosure in the Compliance portal. Furthermore, in the event of a management change, you are also responsible for promptly notifying your new manager of the situation.

6. Managing a Conflict of Interest

It is important that Gallagher has adequate and effective controls in place to manage conflicts of interest. We are all responsible for immediately disclosing any actual or potential conflicts so they can be addressed and resolved in a timely manner.

There may be instances where some conflicts cannot be effectively managed and must be avoided. In these type of situations, when the conflict is reported or identified, our Global Compliance Department will work with Risk & Compliance and conduct an assessment of the circumstances and determine whether the appropriate treatment is to:

- a) **Avoid** the conflict of interest;
- b) **Control** the conflict of interest; or
- c) **Disclose** the conflict of interest.

Avoid the Conflict of Interest

Where a conflict of interest has a serious potential impact on Gallagher's AFS License or our clients or any other relevant entity, Gallagher will generally seek to avoid the conflict. In such cases merely disclosing the conflict and imposing internal controls may not be adequate.

Employees will should avoid positions where there is a material conflict between their own interests and those of their clients and will must report the matter to the Risk & Compliance Team immediately with the assistance of their Business Unit Manager.

Control the Conflict of Interest

Where there is a conflict of interest or the potential for a conflict to arise, depending on the circumstances and the nature of the conflict, it may be appropriate to:

- a) disclose the conflict of interest to the relevant client(s);
- b) allocate another representative to provide the service to the particular client; or
- c) decline to provide services to the particular client.

The Risk & Compliance Team, in consultation with management, will determine the appropriate action/treatment for any given conflict of interest.

Employees are must comply with all treatment/action plans that apply to them. Branch Operations Managers and Business Unit Managers/Area Directors are responsible for ensuring compliance with approved treatment/action plans.

Disclose the conflict of interest

Where appropriate, Gallagher will manage conflicts of interest with clients by disclosure and/or by obtaining the consent or agreement from clients where the circumstances are appropriate.

Gallagher will make appropriate disclosures to clients as part of its arrangements to manage conflicts of interest, to ensure that its clients are adequately informed about any material conflicts of interest that may affect the provision of financial services to them.

Generally, this disclosure will be made in a Financial Services Guide or Statement of Advice (as required) issued by Gallagher, relating to the financial product or financial service provided. However, the disclosures may also be made in writing or given orally to clients or the public by broad announcement/communication.

The disclosure must include enough detail, and be in a clear, concise and effective form, to allow clients to make an informed decision about how the conflict may affect the product or service being provided to them. The disclosure will:

- a) be timely, prominent, specific and meaningful to the client;
- b) occur before or when the financial service is provided, but in any case at a time that allows the client a reasonable time to assess its effect; and
- c) refer to the specific product or service to which the conflict relates.

8. Conflicts of Interest Register

Gallagher maintains a register which contains:

- a) all conflicts of interest reported or identified;
- b) treatment, or action taken for all conflicts of interest reported or identified; and
- c) Copies of written conflicts of interest disclosures provided to clients.

We are required to ensure ASIC compliance at all times with the Financial Service Laws and as a result the register is reviewed annually and formally updated as required. Therefore it is important that all conflicts (actual or potential) are reported to the Risk & Compliance Team.

9. Training and Onboarding

It is compulsory for all Employees to complete 'Leading with Integrity & Global Standards Certification and Disclosure – AU/NZ' when they commence their employment with Gallagher. This training sets out the expectations of Gallagher U.S for all Gallagher Employees with respect to conflicts of interest. This includes requiring the completion of an assessment to test understanding and competence in this area, and a certification that no conflicts (actual, apparent or perceived) exist, or, disclosure of any conflicts that do or might exist.

10. Breaches of this policy

Gallagher regards conflicts of interest management to be of the highest importance.

Any breach of this policy, including but not limited to failure to report an actual, apparent or potential conflict of interest and failure to adhere to management actions to control conflicts of interest, will result in disciplinary action up to and including termination.

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