

Canada Life UK (CLUK) Conflicts of Interest Operating Policy

2023



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1. Introduction



1. Introduction

1.1 Overarching Approach

This policy is designed to cover entities within the Canada Life UK Division (CLUK) Group of companies whose Boards have adopted it and will comply with its requirements, shown in the approval table in the header on page 1. For this policy the term 'CLUK' is used to refer to those specific companies. Where requirements do not apply to one of these entities, due to different regulatory or business model requirements, or if additional requirements are needed for the same reason, this will be clearly signposted and documented within the Policy.



CLUK recognises the importance of having appropriate systems and controls in place to identify and to prevent or manage potential, perceived and actual Conflicts of Interest.

Where possible, all CLUK entities share operating policies with other companies within this Division to ensure a consistent control and governance framework. Where this is not possible for regulatory purposes, consistent with other entities in the UK division, an entity specific policy has been developed which is locally owned and operated.

CLUK recognises the importance of having appropriate systems and controls in place to identify and to prevent or manage potential, perceived and actual Conflicts of Interest that arise in the course of providing its services between itself, including its employees, or any person(s) directly or indirectly linked to it by control, or between one customer and

another. Key to this is maintaining and operating effective organisational arrangements including those with other group companies.

In determining the types of conflict of interest that arise or may arise in the course of providing services and whose existence may damage the interests of one or more customers/clients, CLUK will assess whether it, its employees, officers, shareholders or any person(s) directly or indirectly linked to it by control:

- is likely to make a financial gain or avoid a financial loss, at the expense of the customer/client;
- has a financial or other incentive to favour the interest of another customer or group of customers/clients over the interest of the customer/client;
- carries on the same business as the customer(s)/client(s);
- receives or will receive from a person other than a customer/client an inducement in relation to a service provided to the customer/client, in the form of monies, goods for services, other than the standard commission or fee for that service; or
- is substantially involved in the management or development of policies and/or investment products, in particular where such a person has an influence on the pricing of those policies and/or products or their distribution costs.

¹ Canada Life International Assurance (Ireland) DAC (CLIAI) is a subsidiary of The Canada Life Group (U.K) Limited (CLG) and Canada Life Irish Holding Company Ltd (CLIHIC). All companies are part of the Great West LifeCo Inc. (GWL). Canada Life Irish Holding Company Ltd (CLIHIC) is also the ultimate European Insurance Holding Company for the purpose of Solvency II regulatory supervision and therefore assumes the regulatory responsibilities set out for insurance groups under the Solvency II Directive.

1. Introduction

The Code of Conduct addresses the subject of Conflicts of Interest and Outside Business Interests within the Steadfast Integrity chapter. It lists some of the situations that could give rise to a Conflict of Interest, or to the appearance of a Conflict of Interest and states that this may be harmful to the Company. It also makes reference to more information within the Conflicts of Interest and Corporate Opportunities Guidelines.



It is intended that the management of Conflicts of Interest within CLUK ensures that appropriate attention is given to the protection of customers/clients.

CLUK will take all reasonable steps to prevent Conflicts of Interest from constituting or giving rise to a material risk of damage to the interests of our customers and other stakeholders.

It is intended that the management of Conflicts of Interest within CLUK ensures that appropriate attention is given to the protection of customers/clients. Overall, CLUK mitigates its exposure to Conflicts of Interest risks through effective organisational arrangements and well-developed procedures and processes to identify, document and address any Conflicts of Interest.

This includes:

- Formally documented gifts and hospitality arrangements which clearly explains under which conditions gifts and hospitality, or other minor non monetary benefits, may be accepted or provided and the steps required when accepting and/or providing these.
- Local Conflict of Interest Registers, maintained by Business Units and Shared Service Functions, which identify the circumstances for services and activities provided by CLUK which constitute or may give rise to a conflict of interest and the measures in place to manage such conflicts;
- A central Conflicts of Interest Register, maintained by Corporate Compliance, to record any outside businesses interests and/or staff relationships which constitute or may give rise to a conflict of interest. These are assessed by line management, People and Strategy, Risk & Compliance to confirm whether these are acceptable and can be managed within appetite or need to be avoided.

1.2 Purpose

The CLUK Conflicts of Interest Operating Policy sets out the framework and key requirements to ensure that risks associated with Conflicts of Interest are identified and mitigated in order to meet legal and regulatory requirements and the expectations of CLUK customers/clients, its governing board, parent company, shareholders, business partners and employees.

1.3 Application Scope

This policy applies to all CLUK directors, officers and staff irrespective of their location, function, grade or standing. The content of this policy would also be relevant when some (or all) of the underlying activities are provided by relevant third parties.

1. Introduction

1.4 Associated Policies and Standards

Application of this policy is informed by CLUK's compliance with the following policies and standards:

- CLG ORMP;
- CLL, CLAM and CLP Investment Operating Policies;
- CLAM Order Execution Policy;
- CLAM Order Allocation Standard;
- CLUK Procurement, Outsourcing and Supplier Risk Management Operating Policy;
- CLUK Financial Crime Operating Policy;
- CLIAI Financial Crime Operating Policy
- CLI/CLII Financial Crime Operating Policy
- CLUK Raising a Concern Operating Policy;
- CLIAI Speaking Up Policy
- CLUK Conduct Risk Operating Policy;
- CLIAI Conduct Risk Operating Policy
- CLI/CLII Conduct Risk Operating Policy
- CLUK Fit and Proper Operating Policy;
- CLIAI Fit and Proper Operating Policy

- CLUK Remuneration Operating Policy;
- CLIAI Remuneration Operating Policy
- CLUK Remuneration Standard;
- CLUK Personal Account Dealing Standard;
- CLUK Gifts and Hospitality Standard;
- CLL Investment Standard;
- CLI/CLII Investment Standard
- CLIAI Investment Standard
- CLUK Conduct Risk Standard;
- CLUK Fit and Proper Standard; and
- CLUK Raising a Concern Standard.



Oversight of policy compliance and attestation is the responsibility of the relevant Policy Owner as set out in the CLUK Policy Framework, owned by the Chief Risk Officer.

2. Risk Management



2. Risk Management

CLUK operates an enterprise risk management (ERM) framework to identify, measure, manage, monitor and report risks which might impact on the execution of its business plans and the ultimate achievement of its strategic objectives.

As part of that, a suite of Board-approved policies set out at a high-level the expectations of the CLUK Boards on how to manage risks in line with its business strategy. This is one of those policies.

CLUK is part of the GWL Group. This policy is consistent with the Group requirements for risk management and the requirements of CLUK's parent company, The Canada Life Group UK Ltd (CLG), and in particular CLG's Operational Risk Policy and the GWL Code of Conduct.

2.1. Main Risks Covered

The Boards of each CLUK company have approved a Risk Universe which sets out the range of risks to which their business is exposed and their definitions.

The main risks covered by this policy are part of the Level 1 Operational Risk and Conduct Risk categories in CLUK's Risk Universe.

Operational Risk is defined as *'The potential loss of earnings or capital arising from inadequate or failed internal processes, people and systems or from external events.'*

Conduct Risk is defined as *'The risk of unfair outcomes for customers, from inadequate or failed processes or inappropriate behaviours, offerings or interactions by CLUK, its employees or its Agents.'*

Conflict of Interest-related risks are also an explicit consideration in respect of a number of Level 2 operational risks and they are:

- Fraud Risk;
- Legal and Regulatory Risk;
- Outsourcing Risk; and
- People Risk.

Please refer to the Risk Universe for the definition of these risks.

2.2. Emerging Risks

This policy is also intended to cover emerging risks arising from changes in regulatory, legal, economic, or social environment, where they relate directly to the risks set out in Section 2.1. This is explicitly covered as part of the Risk Universe.

CLUK has a structured process to manage the identification and response to emerging risks.

2.3. Principles for Risk Management

The overall approach for managing the risks relevant to this policy are those set out below which are aligned with the CLG Umbrella Operational Risk Policy² and comply with Principle 8 of the FCA's Principles for Business and related communications.

CLUK mitigates its exposure to Conflicts of Interest through the application of the following principle, set out below;

- to support and promote the right staff behaviours and attitudes to facilitate a strong understanding of the importance of Conflicts of Interest;

² Section 4 of CLG Operational Risk Policy.

2. Risk Management

- to identify and consider any Conflicts of Interest that may arise in the future or have already arisen as soon as practically possible;
- to manage Conflicts of Interest fairly and effectively, internally within CLUK and those impacting other stakeholders (e.g. customers/clients, shareholders, regulators or intermediaries);
- to avoid situations where personal interests could inappropriately influence, or appear to influence, a judgment; and
- to disclose the general nature and/or sources of any Conflicts of Interest that risks damaging the interests of customers before undertaking business for them.



A Conflict of Interest may arise in business, where in the course of providing customers with a service or product, CLUK may benefit (or another customer for whom it is acting may benefit), whilst potentially materially damaging another customer's interests to whom we owe a duty of care.

Disclosure of Conflicts of Interest to customers/clients is a measure of last resort, necessary only where the organisational and administrative arrangements established are not sufficient to ensure, with reasonable confidence, that the risks of damage to customers'/clients' interests will be prevented. Should such a situation arise, CLUK shall clearly disclose the following information, via a durable medium, to affected customers/clients before undertaking business on their behalf:

- specific description of the Conflict(s) of Interest;
- the general nature and/ or source(s) of such Conflict of Interest(s);
- details of the risks to the customer/client that arises as a result of the conflict(s); and
- a description of the steps undertaken to mitigate such risks.

The fact that the organisational and administrative arrangements in place to prevent or manage the conflict(s) are not sufficient to ensure protection of the customers'/clients' interests must be clearly set out in the disclosure. The details provided in the disclosure will be tailored according to the nature of the customer/client and sufficient to enable the customer/client to make an informed decision on whether to proceed with the service, in the context of which the conflict of interest arises. CLUK will review and amend as appropriate its organisational and/ or administrative arrangements if necessary to prevent or manage such conflicts of interest.

3. Overall Approach

3. Overall Approach

3.1. Risk Mitigation

The table below presents CLUK’s overall assessment of the risks to, or from, key stakeholders with respect to Conflicts of Interest, and the aggregated control environment in place to remediate these exposures.

Stakeholder	Key Risks Presented	Mitigation
Customers	<ul style="list-style-type: none"> (1) CLUK’s failure to identify and prevent or manage Conflicts of Interests results in customers or one group of customers receiving unfair treatment at the expense of a different group of customers/clients 	<ul style="list-style-type: none"> Procedures and processes are in place to identify and to prevent or manage potential sources of Conflicts of Interest relating to the specificities of Business and Support Function activities and services.
Regulators	<ul style="list-style-type: none"> (2) CLUK’s failure to manage Conflicts of Interest results in regulatory censure and/or fines 	<ul style="list-style-type: none"> Business and Shared Service Function Annual Attestation to the Conflicts of Interest Operating Policy 2nd Line Compliance oversight of Conflicts of Interest requirements Processes in place to report / escalate non compliance with the Conflicts of Interest Policy and/or material Conflicts of Interest
Suppliers & Outsourcers	<ul style="list-style-type: none"> (3) CLUK’s failure to identify and prevent or manage Conflicts of Interests between CLUK and our Suppliers and Outsourcers results in detrimental outcomes for CLUK and/or its customers/clients 	<ul style="list-style-type: none"> Procedures and processes are in place to ensure Conflicts of Interest are identified and prevented or managed when entering in to arrangements with Intermediaries, 3rd Party Suppliers and Critical Service providers as appropriate and these are reviewed on a regular basis.
Group (Canada)	<ul style="list-style-type: none"> (4) CLUK’s failure to manage Conflicts of Interest results in regulatory breaches with potential reputational impact to CLG / GWL 	<ul style="list-style-type: none"> See other mitigations
Staff	<ul style="list-style-type: none"> (5) Staff / NEDs failure to disclose Conflicts of Interest results in detrimental outcomes for CLUK and/or its customers/clients (6) Staff / NEDs are not aware of what a Conflicts of Interest is and the need to disclosure it 	<ul style="list-style-type: none"> Procedures and processes are in place to enable staff / NEDs to disclose any Conflicts of Interest (e.g. outside business interests, cross-board memberships, 3rd party company relationships, staff relationships etc.) Mandatory training and awareness initiatives on Conflicts of Interest risk are undertaken by all relevant staff to a satisfactory level and within required timeframes.

3. Overall Approach

The table (on Page 11) isn't intended to capture all the sources or causes of risk exposure, but to provide those reading this Policy with the core risks identified and the control environment in place to manage them. The Policy Owner Workbook breaks this down into more detailed control requirements and describes how compliance is assessed.

3.2. Monitoring and Oversight

CLUK's Business and Shared Service Functions will establish processes to monitor Conflicts of Interest risk in line with the requirements of this policy and CLUK Boards' Risk Preferences.

CLUK's commitments to oversight of Conflict of Interest-related risks include the following:

Governance body	Oversight activity
Board / Board Risk Committee (All companies)	Approve this policy.
Board Audit Committee (All companies)	Maintain oversight in relation to Conflicts of Interests between CLUK and its stakeholders.
Customer and Operational Risk Committee (CORC)	Establish corporate procedures, measures and documentation requirements for the division or line of business policies, including profitability objectives. Ensure that the Board Audit Committees are informed of all material matters affecting Conflict of Interest Policy.

4. Implementation

4. Implementation

This policy is implemented and managed in line with the CLUK's Policy Framework. This section of the policy summarises key operational aspects of the Policy Framework.

4.1. Roles and Responsibilities

4.1.1. Policy Owner

The Policy Owner:

- is accountable to the CLUK Boards for ensuring compliance with this policy across CLUK, including the delivery of required remediation;
- leads the annual review of the policy and supporting standards to ensure they remain aligned to parent company policies and fit for purpose for the CLUK business; and
- is ultimately responsible for the maintenance of the record of supporting evidence which underpins the annual review and attestation submitted to the CLUK Boards.

4.1.2. Delegated Owner

The Delegated Owner works with the Policy Owner to assist with the delivery of their responsibilities. In particular the Delegated Owner is responsible for taking appropriate steps to ensure that all CLUK Business and Support Functions implement the policy and that it is complied with and evidenced.

4.1.3. Business and Support Functions

Business and Support Functions are responsible to take appropriate steps to support the Policy Owner in implementing this policy in line with the Policy Framework.

4.1.4. Risk Function

The Risk Function provides independent oversight of policy implementation through BAU oversight as set out in the Risk Function Operating Standard and through specific risk reviews and investigations.

4.2. Compliance with the Policy

4.2.1. Standards and Guidelines

In order to ensure that the requirements of this policy are adequately implemented and adhered to, further guidance is available in:

- CLUK Remuneration Standard
- CLUK Gifts and Hospitality Standard;
- CLUK Conduct Risk Standard;
- CLUK Fit and Proper Standard;
- CLUK Personal Account Dealing Standard;
- CLAM Order Allocation Standard;
- CLL Investment Standard
- CLI/CLII Investment Standard;
- CLIAI Investment Standard and
- CLUK Raising a Concern Standard.

Note: not all of the CLUK standards include CLIAI and/or CLI/CLII.

In addition the Policy Owner has provided the Business & Support functions with policy compliance deliverables as part of the attestation process.

4.2.2. Materiality

The requirements set out in this policy should be implemented in a proportionate manner, taking into account the materiality and complexity of the underlying risk.

In cases where Business and Support Functions wish to exercise material discretion, it should be discussed and agreed with the Policy Owner and documented as part of the cycle of policy attestation set out in the Policy Framework.

4. Implementation

4.2.3. Attestation

The Policy Owner has outlined the deliverables expected from Business and Support Functions, to demonstrate compliance with the requirements of this policy, within the Policy Workbook. The Business and Support Functions should put in place mechanisms to meet these deliverables.

The Policy Owner will lead the attestation of compliance with this policy and maintain an aggregate record of supporting evidence in the Policy Owner Workbook. Business and Support Functions will contribute to the process as appropriate.

4.2.4. Potential Non-compliance

In the case of potential incidents of non-compliance, the process set out in the CLUK Policy Framework should be followed. In particular, the Policy Owner and the Chief Risk Officer should be informed if there is a material incident and be provided with the relevant facts.





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