

## **CONFLICTS OF INTEREST POLICY 2022-2023.**

The purpose of this policy is to provide Associates with guidance on what is a “conflict of interest” and how Associates should respond when a conflict is identified within our businesses.

The policy takes a principles-based approach and will be reviewed annually by the Board. Its underpinning processes and procedures will be appropriately adapted and reviewed to respond to the developing commercial and operating environment.

We believe that to be effective, policies require relevant promotion, and practical, proportionate implementing processes. An effective policy is also one understood by all whom the company expects to apply it.

### **RESPONSIBILITY FOR THIS POLICY**

The Board is responsible for this policy and its implementation and expects individual directors to comply with the potential conflict declaration and authorisation request processes put in place by the Board from time to time. The Board delegates to the executive directors the design and implementation of all the company’s systems for identification and control of conflicts of interest. The Board’s Risk Control Group monitors the effectiveness of the processes implementing this policy and reports on its work to the Audit Committee of the Board, and to the Board itself.

### **WHAT IS A CONFLICT OF INTEREST?**

A “Conflict of interest” is:

- any financial or other interest which conflicts with the services an individual provides or function or duties an individual performs because it could:
- significantly impair the individual’s objectivity in his or her treatment of. or
- create an unfair competitive advantage for a person or organisation.

A non-financial interest would include a relationship of dependency that could directly influence an Individual and their behaviour in making decisions and carrying out their role.

### **WHEN DO CONFLICTS OF INTEREST ARISE?**

Conflicts of interest can arise in many different situations. The term ‘conflict of interest’ applies only to current interests. It does not apply to:

- interests which have expired or no longer exist and cannot reasonably affect current behaviour: or
- possible interests that may arise in the future but do not currently exist because such interests are speculative.

<sup>1</sup>Based on definitions in Sections 1 & 2 Bribery Act 2010

## WHO DOES THIS POLICY APPLY TO?

This Conflict of Interest Policy is mandatory and applies to all Associates and representatives of Pendragon PLC and its wholly owned subsidiaries. It also applies to consultants, contractors and agency workers in relation to their work for Pendragon.

Identifying the other person or organisation who or which has a link to the individual Associate is key to the assessment of relationships which might create a conflict risk.

The company has adopted the EU Market Abuse Regulation 2014's definition of persons "closely associated" as a practical means of identifying potential conflict relationships: this covers both natural persons (individuals) and organisations. To paraphrase, this means: spouse or equivalent, relatives living in the same household, dependent children, and organisations where the person or any of their above closely associated persons has significant managerial input or control and/or economic or other benefit.

### Duties of all Associates

All Associates have obligations both to conduct business in a manner consistent with our approach to the identification and avoidance or mitigation of conflicts of interest and consistently to adopt the expected behaviours reflected in the principles of this policy and to comply with all company rules implementing it. Associates must seek to avoid any relationship, influence or activity that will impair, or appear to impair their ability to do their job or make fair and objective decisions when performing their role, or that is not in the best interests of the company.

### Managing Conflicts of Interest

Whenever a conflict of interest arises, you must follow the process set out below:

- 1. IDENTIFY:** Might a situation arise where your personal interests influence your decision making on behalf of the business? If you are not sure, consider how it would be viewed by other Associates, your leader or by someone outside of the business. Associates' training is devised and applied at different levels of the business, depending on seniority and responsibility for the identification and mitigation of potential conflicts.
- 2. AVOID:** Where possible, avoid putting yourself in the conflict situation in the first place. We have adopted an over-arching, value statement for the area of our business we believe presents the greatest frequency risk: transactions between the company and our Associates. In particular, Associates should ensure they are familiar with the current Associate Vehicle Purchase and Aftersales Services Policy, and the following Associate Purchases Value Statement:

### ASSOCIATE PURCHASES VALUE STATEMENT

As a Pendragon Associate, you may have access to, or be eligible to participate in specific schemes, promotions or other arrangements designed to give those participating more favourable terms for some vehicle purchases, vehicle servicing and repair, and other vehicle-related items than would be the case for an ordinary customer.

Pendragon commits to:

- Making these terms clear and well communicated to our Associates;
- Applying them fairly and even-handedly;
- Making clear when they do not apply.

Pendragon Associates commit to:-

- Honesty and transparency when making a purchase;
- Complying with any terms and conditions at all times;
- Not seeking or applying more favourable terms when none exist for the proposed transactions.

As Associates, at all levels, we agree that our Associate Purchase Value is: BUYING FROM, OR SELLING TO OUR BUSINESS? KEEP IT TRANSPARENT, KEEP IT HONEST, KEEP IT FAIR.

**3. MITIGATE:** It is not possible to eradicate all situations where a conflict may arise. If you cannot avoid the conflict altogether, you must discuss it with your leader and agree a plan for how the conflict will be managed. However, throughout the company's businesses, processes are in place to ensure that, where conflicts do arise, they are identified and either avoided or managed appropriately to minimise risk of detriment to the company (whether from competitive disadvantage, or from transactions on terms that are unfair to the company) or to a customer. To ensure the proportionality and relevance of the company's controls, an assessment is made of the likelihood and impact of potential conflicts for the core business activities.

### **Associated Policies**

Other company policies, rules, processes and guidance are devised and applied to govern significant areas of activity, and prevent or mitigate conflicts of interest arising including:-

- Associate Vehicle Purchase and Aftersales Services Policy.
- Obsolete Asset Disposal Policy.
- Share Dealing Policy and Share Dealing Code.
- Gifts and Hospitality Policy.
- Anti-Fraud, Theft & Bribery Policy.
- Anti-Bribery Policy & Value Statement.
- Diversity and Equal Opportunities Policy.
- Social Networking Sites Policy.
- Employment practices.
- The design and application of remuneration and reward programmes.
- Tendering for and letting of contracts.
- Accounting and banking.

This is not an exhaustive list. Bespoke controls are in place to manage conflicts of interest potentially arising in the areas of the company's business affected by financial services regulation.

### **Audit**

The Board will seek to establish an appropriate audit process to ensure that this policy is not only being applied but is effective in the control of conflicts of interests.

## PRINCIPLES AND APPLICATION

The following principles apply to all Associates at all levels of the company as part of the company's culture of the appropriate management of conflicts of interests.

### **PRINCIPLE 1: Integrity**

Associates behave with integrity (meaning fair dealing and truthfulness) in all of their professional and business relationships. Associates do not permit self-interest to influence recommendations they make, advice they give or work they carry out. If asked by any person, however senior and whomsoever they represent, to undertake any improper or unlawful activity, Associates not only decline, but also report the matter to the company via the designated communication channel.

### **PRINCIPLE 2; Fairness and transparency**

Associates are honest and fair in the way they interact with customers, trading partners and fellow Associates. Information they provide is only offered if it is factual and relevant and not misleading or unfair. Any advice, solution or recommendation offered is based on thorough, impartial consideration and analysis of all the available relevant facts. Associates dealing directly with consumer-customers take all reasonable steps to ensure that the advice or recommendations they give are realistic and clearly understood by the customer.

### **PRINCIPLE 3: Objectivity**

Associates do not allow bias or other people's influence to override their objectivity when making or contributing to business decisions. Offers of gift, favours or hospitality intended or likely to influence a Associate create a conflict of interest. No financial or other incentive, from whatever source, that may compromise the interests of the company or our customers, or could amount to an unfair inducement is (a) given or offered; or (b) solicited or accepted by a Associate. Associates familiarise themselves, and at all times comply, with the company's Anti-Fraud, Theft and Bribery Policy and Gifts & Hospitality Policy and other policies adopted from time to time for the control or mitigation of conflict of interest risks.

### **PRINCIPLE 4: Confidentiality**

Associates acknowledge that their access to and use of the company's or others' confidential information is always controlled by appropriate safeguards for the information's owner. As well as complying with their employment duties of confidence owed to the company, the law relating to data protection and the terms of applicable non-disclosure agreements, Associates are expected to use commercial common sense in identifying what is confidential information and what is a reasonable and not a reasonable use of it. Associates will comply with specific and implied "permitted use" conditions for all information they access. Permitted use never includes use to acquire an unfair competitive advantage, personal benefit or gain for the Associate or their closely associated person.

### **PRINCIPLE 5: Due skill, care and diligence**

Associates at all times act only within the limits of their personal competence, their limits of authorisation and the responsibilities attached to their role. The company adopts standards and processes for many areas of its business operations. Associates adhere to these at all times.

## HOW LONG DO WE KEEP PERSONAL DATA?

To protect our legitimate interests, we need to be able to produce documents and supporting paperwork relating to the transactions our businesses have done. Contracts formed with our Data Subjects and other documentation will invariably contain Personal Data.

Our objective is only to retain Personal Data of our Data Subjects for so long as the information is necessary to perform our contracts, or comply with our statutory or other legal obligations. We will also retain Personal Data if we are legally required to do so or if it is reasonably necessary to meet regulatory requirements, resolve disputes, prevent fraud and abuse or enforce our terms and conditions.

## **SPECIFIC EXAMPLES**

### **Consumers:**

When advising an individual customer on consumer finance and insurance products, the paramount consideration is always the individual customer's Demands and Needs.

### **Customers:**

When selling or arranging any product or service, the paramount consideration is gaining an understanding of the customer's requirements and the business's ability to meet these.

When selling or arranging a product or service, a relationship of loyalty or influence is not allowed to have any bearing on a Associate's conduct or decision-making.

### **Suppliers:**

When agreeing to any commercial arrangement or contract with a supplier, the paramount considerations are the quality and value for money to the company's business, the maintenance of sustainable relationships and the mitigation of significant inherent risks: no account is taken of any special relationship, financial incentive or inducement offered by or to any person. When procuring for the company or commissioning the purchase of a product or service, a relationship of loyalty or influence is not allowed to have any bearing on a Associate's conduct or decision-making.

### **Employment Practices:**

When dealing with employee conduct or performance, the decision whether or not to commence disciplinary procedures and the conduct of such procedures is in each case made by leaders who do not have a direct financial or other interest in the outcome of any such procedures. When making a decision relating to a person's employment status, conditions or any other feature of the employer-employee relationship, the decision is based on objective facts and performance and never influenced by a closely associated person loyalty, a dependencer relationship or any other third party influence.