

La Prudence Leasing Finance Co. Ltd

***Conflict of Interest Policy***

Version 2.0 (February 2026)

## Document Version Control

DOCUMENT IDENTIFICATION	
Document Owner:	Head of Compliance
Approved By:	Audit Committee
Document Name	Conflict of Interest Policy
Document Status:	Draft
Document Classification:	Public – to be published on the company website

DOCUMENT VERSION CONTROL				
Version	Date	Owner	Reviewer	Change(s)
Version 2.0	27/02/2026	Head of Compliance & MLRO	Managing Director	Annual review and update
Version 1.0	29/09/2017	Head of Compliance & MLRO	Managing Director	-----

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## Overview

This Conflict of Interest Policy (the “Policy”) sets out the standards and guiding principles of conduct implemented at La Prudence Leasing Finance Co Ltd (“LPLF” or the “Company”) as regards potential conflict of interest that may arise in the performance of the respective duties of LPLF’s employees and its relevant stakeholders.

This Policy has been established in accordance with the Section 18(6) (b) of the Banking Act 2004, which stipulates the below:

*“The directors of a financial institution shall establish such procedures as may be necessary to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information”.*

This Policy should be read in conjunction with:

- The Code of Ethics;
- Whistleblowing Policy;
- Code of Conduct for Directors; and
- The Company’s internal Policies and Procedures.

## Applicability

This Policy applies to all LPLF Persons, defined as being any natural or legal person providing services to the Company with either an employment agreement or any other service agreement in place whereby the natural or legal person is/can be brought to act for/on behalf of the Company thereby acting, by extension as its representative. The term ‘LPLF Person’ also includes LPLF employees and directors.

## Objective

The principal goal of this Policy is to mitigate any potential Conflict of Interest and manage any perception thereof to ensure that all dealings are made at arm’s length by applying the highest standard of integrity.

## General Principle

The Company endeavours to act professionally and independently with the client’s best interests in mind, taking all reasonable steps to identify and prevent any conflict of interest (“COI”) that may arise in the course of providing its services. Such COI may arise between:

- LPLF (either as a single entity or as a result of the interaction between different entities held by Prudence Holding Ltd, the holding company) and a client of LPLF;
- LPLF Persons or any person directly or indirectly linked to LPLF by control and a client of LPLF;
- One client of LPLF and another.

Where appropriate internal measures designed to manage COIs are considered insufficient to mitigate with reasonable confidence the risks of damage to a client’s best interests, LPLF will disclose the general or specific nature of these COIs openly to the concerned client(s).

## Scope

### 1. Identification of conflicts of interest

LPLF has implemented organisational measures to identify generic conflicts of interest that may occur, as described above. In addition, employees are responsible for identifying and reporting specific conflicts of interest to senior management.

To determine whether a conflict of interest may arise, LPLF's employees are required to consider the following circumstances:

1. LPLF and/or LPLF Persons are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
2. LPLF and/or LPLF Persons has/have an interest in the outcome of a service provided to a client or a transaction carried out on behalf of a client which is distinct from the client's interest in that outcome;
3. LPLF and/or LPLF Persons has/have a financial or other incentive to favour the interests of one client or group of clients over the interests of another client;
4. LPLF and/or LPLF Persons carry out the same business as a client;
5. LPLF and/or LPLF Persons receive(s) or will receive from a firm or individual other than the client concerned an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

### 2. Process for preventing and managing conflicts of interest

LPLF maintains and operates effective organizational and administrative measures designed to safeguard the interests of its clients.

These arrangements are designed to identify, prevent, and manage COIs that may arise in the course of its business activities. In establishing these measures, LPLF takes into account its organizational structure, the nature and scope of its operations, and any circumstances that may give rise to actual, potential or perceived COIs.

The following outlines the principal mechanisms through which LPLF prevents, identifies and manages conflicts of interest:

#### 2.1. Segregation of duties

Key activities which, by their nature, can give rise to COIs are segregated within the Company. In addition, adequate internal procedures regulate the processes and restrict the flow of information among and within business units within LPLF and between companies held by Prudence Holding Ltd ("Group entities") so that activities are carried out with an appropriate level of independence and COIs that may potentially harm the interests of our client(s) are avoided.

Duties and /or functions may be outsourced, where necessary, to other Group entities with equivalent measures as regards COI management, for instance non-material outsourced functions such as IT and HR management. LPLF shall ensure however that no instruction or information shall be exchanged between or disclosed to Service Providers prior approval of LPLF.

## 2.2. LPLF Measures

The following are the main measures taken by LPLF in relation to its employees, managers and LPLF Persons:

- **Appointment**

The Company shall ensure that, when considering the appointment of any potential candidate, particular attention is given during the assessment stage to identifying and evaluating any actual or potential COIs that may arise.

- **Remuneration:**

The compensation package is based on a basic salary and a discretionary bonus which is related to performance against staff objectives and performance of the Company as a whole. It is not directly linked to specific transactions. However, in respect to the remuneration of the Head of Sales and Marketing, no dealing with a client is allowed after the onboarding of a prospective client as client of LPLF. The Head of Sales and Marketing shall not be involved into the management and administrative aspect of the client's Portfolio.

- **Gifts, Hospitality and Promotional Expenditure:**

LPLF Persons, in their performance of their duties, should not use their positions for personal gain whether for themselves, their families or any other person. All Gifts, Hospitality and Promotional Expenditure ("GHPE") in excess of a designated value of Rs 5,000 must be approved by the Managing Director and/or Chairman of the Board of Directors prior to acceptance and shall be recorded in a GHPE Register. LPLF Persons must not accept any gift or such treatment that might appear to compromise their judgment or decisions in the performance of their duties.

The GHPE Policy is further elaborated under Section 4.7 of the Company's Code of Ethics, available on the company's website for reference purposes.

## 3. Transactions between the Company, its senior officers, directors or shareholders.

The personal interests of a director, a senior officer, or persons closely associated with the director or the senior officer must not take precedence over the best interests of the Company and its shareholders. In the view of recording any such potential The Company has implemented the following procedures:

- **Register of Interests**

A director must be consciously aware of the situations that can give rise to COIs, to be in a position to point them out to the Chairperson and the Board at an early stage.

In instances of an actual or potential conflict of interest, the director concerned may be present at that part of the meeting in which the conflict or potential conflict is discussed but shall not participate in the discussions and/or decision-making process on the transaction in

relation to which conflict arises. The fact that COIs have been effectively managed should be noted in the annual report.

The Company Secretary should be responsible for maintaining an interests register. It is the responsibility of each director to ensure that any interests be recorded in this register. Full and timely disclosure of any conflict, or potential conflict, must be made to the Board.

- **Related Party Declaration for senior officers and directors**

Upon appointment and as part of the induction process of senior officers and directors of the Company, they are required to make a Related Party Declaration listing their relevant related parties in view of addressing any potential conflict of interest situation that may arise during their employment/directorship with the Company. Such Related Party Declaration form is refreshed on an annual basis.

The Related Party Declaration and the review exercise thereof is maintained and conducted by the Head of Compliance & MLRO of the Company.

For the purposes of this section, senior officer bears the same meaning as under the Section 2 of the Banking Act 2004 as follows:

“

- (a) *the chief executive officer, deputy chief executive officer, chief operating officer, chief financial officer, secretary, treasurer, chief internal auditor or manager of a significant business unit of the financial institution; or*
- (b) *a person with similar position and responsibilities as a person in paragraph (a);”*

#### **4. Monitoring & Compliance**

Senior management is responsible for ensuring that this Policy is issued and revised on an annual basis. Senior Management also ensures that the Compliance Department oversees adherence to this policy and to any related internal instructions concerning conflicts of interest, and that it operates as an independent control function providing appropriate checks and balances.

A yearly report shall be submitted to the Corporate Governance and Remuneration Committee on the issues pertaining to same and recommendation where required.

#### **5. Record Keeping**

The records as regards this Policy is maintained by the Company for a period of at least seven (7) years as from the date of the last transaction conducted. For the purposes of this section, transaction means any such events/occurrences inclusive of the issuance of a nil register or nil related party declaration form.