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1. Introduction

1.1. Purpose

This policy has been established to set the minimum operating standards relating to the management of conflicts risk throughout the Countrywide Group. Compliance with the Group Conflict of Interests Policy is mandatory and the policy applies to all Countrywide staff.

1.2. Guiding Principles

The Group Conflict of Interests Policy is based on the following core principles:

- The interests of shareholders and other stakeholders are protected by ensuring that excessive powers are not delegated to individuals;
- Decisions taken by management are consistent with the Group's strategic objectives and risk appetite, which are approved by the Board;
- Managers are accountable for the management of risk, including internal controls, in their business;
- Business is conducted in line with authorities and accountabilities ultimately delegated by the Board; these are described within specific policies;
- Clear accountabilities are delegated by management to people who have the right level of skills, competencies and experience;
- Every member of staff is responsible for understanding and managing the risk they take on behalf of the Group and for ensuring that they act within the authorities and accountabilities delegated to them.

1.3. Application

This policy is applicable to all Group Companies, Divisions, subsidiaries and employees.

1.4. Conflict of Interests Risk

A risk can be defined as something which may or may not happen (i.e. the possibility of an uncertain outcome), which if it did, could lead expected outcomes to vary, and where that became a negative outcome would result in an adverse impact on the achievement of business objectives.

Conflict of interests risk is defined as the risk of reductions in earnings and/or value through financial or reputation loss associated with inadequate conflict of interests regulation enforcement arising when an individual or organisation is involved in multiple interests, one of which could possibly corrupt or influence the motivation of another act. In the case of Countrywide Group conflict of interests may arise in situations where self-interests and professional interests clash, potentially leading to consumer detriment.

The customer's best interests are paramount and this forms the core component of Countrywide's service philosophy.

Risk is high where the Company is the selling agent because the Company could be exposed to serious reputational damage, if a property is purchased at under market value from the seller. The Group Employee Property Ownership Policy is an example of a policy designed to ensure compliance with disclosure requirements under S.21 (Declaration of Personal Interests) of the Estate Agents Act.

This policy extends to all of the Group's business dealings and transactions in which it or its subsidiaries and associates operate. This policy is given force in a detailed conflict of interests programme which is regularly revised to capture changes in law, reputation demands and changes in the business. All directors and employees, contractors, suppliers and agents are required to comply with this policy.

The Conflict of Interests Policy falls within the legal and regulatory risk category of the risk framework.

1.5. Conflict of Interests Risk Management Principles

The Group seeks to manage its exposure to competition risk by establishing minimum control standards and supporting practices/procedures that align with agreed principles. The principles are specified with reference to each of the following categories:

| Risk Area | Principles |
|---|--|
| Employee Property Ownership | Relevant Employees understand and comply with their obligations as an employee or an associate of an estate agent (within the meaning of the Estate Agents Act 1979). |
| Entertaining, Incentives and Gifts | Expenditure relating to supplier entertaining, incentives and gifts, from which employees derive some benefit is appropriate, ethical, and authorised. |
| Other Employee Business Activities | Conditions of employment generally prohibit employees from having a direct or indirect interest in, or receiving benefit from, any other business whatsoever, irrespective of whether that business is actively trading or not or whether it is wholly or partly in competition with any business carried on by the Company. |
| Awareness and Training | Employees are fully aware of areas of potential conflicts of interest and are appropriately trained in how to manage any conflicts which arise. |
| Reporting and Governance | Incidents are reported and appropriate action taken. |

2. Control Standards

2.1. Minimum Control Standards

A Control Standard is an activity which must be in place in order to manage the risk areas defined in the table below. A minimum set of control standards covering a range of directive, preventative, detective, corrective and limiting controls ensure that, where they operate effectively, risks are managed to an acceptable level.

Group functions and Business Units need to demonstrate compliance with the minimum control standards set out in the table below:

| Risk Area | Risk Definition | MCS |
|---|--|---|
| Employee Property Ownership | Loss arising from conflicts between a client's property interest and an employee's property interest. | <p>All Relevant Employees will comply with the Group Employee Property Ownership Policy (GEPOP) or similar (e.g. Hamptons – HEPOP). Employees who are employed in Estate Agency Lettings or Financial Services, are regarded as an employee or an associate of an estate agent (within the meaning of the Estate Agents Act 1979 (EAA)) (a Relevant Employee).</p> <p>Such employees are required to:</p> <ul style="list-style-type: none"> • Make internal notifications for all transactions • Receive prior written consents for certain transactions • Make external disclosures for certain transactions |
| Entertaining, Incentives and Gifts | Loss arising from receiving or supplying entertaining, incentives or gifts which are not primarily in the interest of the business or which breach regulatory codes of practice. | <ul style="list-style-type: none"> • Employees attending supplier-hosted events must receive approval from their line manager. • Suppliers are not approached to make contributions to events hosted by the business without appropriate written approval from a senior manager within the relevant business. • Supplier based incentive schemes are approved and monitored. • Expenditure relating to supplier entertaining, incentives and gifts, from which employees derive some benefit is: <ul style="list-style-type: none"> ○ Appropriate and ethical (i.e. does not lead to a conflict of interests) ○ Properly authorised ○ Treated correctly for taxation purposes ○ Correctly recorded in our accounts |

| Risk Area | Risk Definition | MCS |
|---|--|--|
| Other Employee Business Activities | Loss arising from a conflict between the interests of the Countywide Group and non-Countywide business interests of its employees. | <p>Terms and conditions of employment require that employees shall not, unless specifically requested or permitted by the Business Unit Managing Director in writing, have a direct or indirect interest and/or directorship in any other business whatsoever, irrespective of whether that business is actively trading or not or whether it is wholly or partly in competition with any business carried on by the Company or its associated companies, or is similar to that in which you are employed by the Company.</p> <p>See 'Appendix Other Business Activities by Employees' for more details.</p> |
| Awareness and Training | Loss arising from a failure to ensure employees are adequately aware and appropriately trained. | <ul style="list-style-type: none"> • A conflicts management process is operated by the Group Legal function. • The Group Legal function maintain awareness of changing regulatory and legal requirements relating to conflicts of interest and are responsible for ensuring that the Conflicts of Interest policy is updated to take account of new requirements. • Relevant information is made available to all employees through appropriate mechanisms (e.g. intranet) with the intent that they are fully aware of their individual Conflicts of Interest related obligations including as a minimum, examples of where conflicts of interest may arise. • The basic conflicts of interest requirements are incorporated into the mandatory training programmes which all staff are required to complete annually and new joiners are required to complete following their start date. • First time Directors of a Group company are provided with guidance on their duties regarding conflicts of interest on appointment. • Board proposals are reviewed by Legal Company Secretariat to identify any potential conflicts for directors. • Documented Conflicts of Interest Guidelines are in place to support the identification and management of actual/potential conflicts. • Training is in place to provide guidance to employees on the how to identify and manage Conflicts of Interest |
| Reporting and Governance | Loss arising from a failure to report breaches and take appropriate actions. | <ul style="list-style-type: none"> • Breaches are reported through Group Incident Management Processes and reported/escalated to the appropriate governing body. |

2.2. Applying for policy waivers

In the event that areas of the business are not compliant with the above MCS a waiver from the policy may be provided by the Group / BU Policy Owner via Countrywide's governance arrangements. This will include the Policy Owner providing details of gaps in compliance and planned actions and timelines to address these.

3. Responsibilities

3.1. Group Policy Owner

The Countrywide Group Chief Financial Officer is the Group Policy Owner (GPO) and is accountable to the Countrywide Group Executive Committee for the design, implementation, maintenance and monitoring of compliance with the policy.

The GPO is responsible for conducting an annual review to check firstly that the policy remains suitable for the business and secondly to review policy compliance. This review supports the Group Board's annual disclosure in the report and accounts regarding the effectiveness of the internal control environment. The GPO is responsible for recommending any changes to the Policy to the relevant Oversight Committee.

The GPO shall ensure appropriate communication, training and resources to ensure that this policy is effective in maintaining the system of internal control. The GPO is accountable for embedding this policy in the business. This policy is embedded when:

- The scope of this policy is a fair and reasonable reflection of current operations and the relevant risks which the business faces
- The controls in place meet the control standards in this policy
- The controls in place are evidenced as operating effectively

3.2. Business Unit Policy Owner

The Policy Owner is the senior manager within each Division who is responsible for the design, implementation, maintenance and monitoring of compliance with this policy and for providing policy compliance information to the Group Policy Owner.

The Policy Owner is responsible for monitoring that this policy is, and remains embedded by seeking reasonable assurance that the relevant risks have been identified and assessed, and that the relevant controls are designed and operating effectively. Changes to this policy are proposed by the Policy Owner to the Group Policy Owner as part of the annual review process.

3.3. Employees

All employees of Group Companies are required to comply with this policy to the extent to which it has been adopted by the Group Company in which they are operating (including any local principle or procedure developed in support of the policy).

4. Governance

4.1. Group Board

The Countrywide Group Board has ultimate accountability for setting and approving the Group's overall governance arrangements. The Board has delegated responsibility for the approval of certain Group Policies to certain committees of the Board and its Executive Committee.

4.2. Executive Committee

The Executive Committee has responsibility for overseeing the design, implementation and maintenance of the Group Policies and for obtaining assurance that the risk and governance framework is effective.

The Executive Committee is supported in discharging its responsibilities via the provision of management information and reporting from the Group Policy Owner.

4.3. Management Oversight

The Head of each Business Unit will identify relevant management committees to oversee compliance with the policy in their business. Examples of information the committee will consider (to support the monitoring of compliance with the Policy) include

- Compliance with policy minimum control standards and any breaches thereof during the period
- The estimated impact and likelihood of risks becoming outside appetite
- The implications of key corporate projects or new products
- Reports of incidents, significant external events or new/emerging risks
- The status, effectiveness and timeliness of any corrective action plans

These committees should consider all policy issues referred to them. Any material non-compliance with this policy should be reported to the Group Policy Owner as soon as is practical by the Business Unit Policy Owner. Matters for escalation could include, for example:

- A material loss arises
- A risk becomes or it is known that it will become outside risk appetite
- A control is identified as not meeting the minimum control standard
- A control is identified as not operating effectively
- A breach of regulatory or legal standards is identified

Business Unit Oversight Committees are supported in discharging their responsibilities via the provision of management information and reporting from the Business Unit Policy Owner.

4.4. Group Risk and Audit

The Group Risk and Audit roles include:

- Supporting the Board and Executive Committees by providing assurance on the design, implementation and maintenance of an effective governance framework, including a system of internal control covering operational, financial compliance and risk management across the Group
- Supporting the Board and Executive Committees by providing assurance that any areas of significant exposure and/or risk, taking account of all relevant issues including financial considerations, are being managed effectively
- Provision of consolidated, timely and appropriate reporting and escalation of all significant control and risk issues to the appropriate Board/ Executive Committee via the Group Policy Owner.

5. Version Control

| Version | ApprovedBy | Date |
|---------|---|------------------|
| 1.0 | Group Executive Committee | December 2016 |
| 1.1 | Enterprise Risk Director | 18 April 2018 |
| 1.2 | Enterprise Risk Director – annual review | 10 August 2019 |
| 1.2 | GRCC approval | 4 September 2019 |
| 1.2 | GRCC approval (following review by Group Head of Legal) | July 2020 |