



**Information about dealing
with conflicts of interest**



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1. Introduction

1.1 Purposes

APEX Group Ltd. and its subsidiaries, affiliates, branches and integrated entities are committed to prevent, investigating and monitoring conflicts of interest that may arise within the Group.

European Depository Bank SA (hereinafter referred to as "EDB"), as 100% owned subsidiary by the Apex Group Ltd., has implemented this policy in its own business and is committed to comply with the applicable conflict of interest framework.

As part of the commitment to being open, honest and acting with integrity in accordance with our core values, EDB is committed to treating its clients and customers fairly. We aim to avoid putting ourselves in a position whereby our own interests, or our duty to any persons on behalf of whom we are acting conflicts with our duty to clients or customers.

However, EDB recognizes that there may be instances whereby conflicts of interest are unavoidable and, therefore, must be managed.

This Policy sets out the framework in which all EDB businesses must identify and manage conflicts of interest, to comply with applicable legal and regulatory requirements and help ensure that clients and customers are treated fairly – thereby maintaining the trust and confidence of EDB's stakeholders across all operations.

The Policy identifies, by reference to the specific services and activities carried out by EDB, the circumstances which may constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients. It also highlights the procedures to be followed and measures taken by EDB in order to manage such conflicts.

Any EDB employee, officer or director who becomes aware of a conflict or potential conflict is required to bring it to the attention of the local Senior Management and Compliance. Nevertheless, it is still under business responsibility to avoid and manage any potential, apparent or actual conflict as first line of defence.

This Policy applies to all EDB employees of any grade and status, including contractors, temp, Directors, Board members and has to be read in conjunction with the EDB Code of Conduct and Ethics outlining the core values of EDB and the ethical standards all employees have to respect related to conflicts of interest, the Group Fraud Prevention Policy, PA Dealing Policy, the Group Late Trading and Market Timing Policy.

1.2 Scope

The Policy shall be updated from time to time but at least once a year to reflect legal and regulatory evolution and shall be communicated to all staff and approved by the Board. Compliance with the Policy is a term of employment with EDB. Failure to comply with the Conflict of Interest or any other applicable policy or procedure applicable to you, as well as any violation of the outlined standards, may result in disciplinary action which may subsequently include the termination of your employment.

Adherence to this Policy and completion of the yearly dedicated training is mandatory. Non-compliance with this, will trigger the "Red Flag" HR process.

Detailed controls and processes to manage actual, apparent and potential conflicts of interest are described in relevant group or local policies and procedures of EDB.

1.3 Definition

A conflict of interest is defined as a situation in which a person or company can in some way exploit a professional or official capacity for their own benefits of the company. For the purpose of this Policy, a potential or perceived conflict of interest is to be treated as a conflict of interest.

This Policy covers two categories of Conflict of Interest as outlined below:

- **Personal:** a personal conflict of interest may occur when an employee's private interest interferes with the interest of EDB or its clients. Example: personal relationship between employees. Conflict that might raise include, but is not limited to, influencing the recruitment, appointment or promotion, any decision where one employee is in a supervisory position to another.



- Organizational: may occur when EDB's interests differ from those of its clients, especially looking at EDB activity and service provision. Example: EDB employee is part of the local Board but also appointed as director and part of the Client's Board. In this case there might be conflict of interest also lead by potential insider information.
- Client Conflict:
 - The interests of an EDB business and the duty that business owes to a client or customer; or
 - The differing interests of two or more of the business' clients or customers (where each is owed a duty of care).

Like any company that engages in a wide range of businesses and activities, EDB faces potential conflicts of interest on a regular basis. We strive to manage them in a manner consistent with the highest standards of integrity and fair dealing.

In order to ensure that these standards are met, EDB continually and proactively seeks to identify and manage conflicts to avoid both the appearance of, as well as actual, impropriety.

2. Objectives

This Policy together with the EDB Code of Conduct and Ethics aims at protecting EDB's reputation focusing on service integrity, client confidence and overall compliance with all applicable laws and regulations. The Policy is representing the commitment of EDB to adhere to the highest ethical standards in relation to conflicts of interest.

Furthermore, this Policy describes an escalation process for any conflict of interest and also outlines the process to adhere to in case a conflict would not be covered by the described escalation process.

It is the duty of EDB to prevent and manage conflicts of interest arising:

- within EDB
- resulting from different services offered by EDB
- between the employees of EDB
- between Clients of EDB
- between EDB and any external third party of EDB (vendors, sub-contractors, etc.)

3. Roles and Responsibilities

EDB business is responsible to identify Conflict of Interest in the business services and operating model. In particular, Business is responsible for the following:

- Businesses must identify and maintain a record of conflicts of interest and the actions taken to mitigate or manage them.
- Wherever possible, businesses must endeavour to eliminate the risk that a conflict of interest could arise in relation to or between EDB, existing/new clients or customers.
- All employees must not unfairly and/or knowingly place their own interests above those of clients or customers and employees must not be incentivized in a manner that encourages inappropriate risk taking.
- Businesses should consider declining to continue to act for existing clients or customers, and to act for new clients or customers, if otherwise unable to comply with this policy, legal or regulatory obligations.
- Businesses must ensure that before tendering or commencing work for a client, potential conflicts of interest are identified and any such conflicts are managed / avoided.
- Where arrangements to manage conflicts are not sufficient to ensure with reasonable confidence that the risk of damage to a client's or customer's interests will be prevented, businesses are required to disclose those potential conflicts to the relevant parties before commencing activities. Clients and customers must be made aware of potential conflicts that impact them, in writing or other durable medium, in a timely manner and a record of this disclosure must be retained by the business for an appropriate period.
- Escalate conflict of interest to the Compliance Officer where necessary.

5. Risk Arising From Conflict of Interest

The main risks arising from a conflict of interest occurring are:

- Breach of confidentiality both to clients and EDB business
- Breach of internal controls and process
- Breach of regulatory obligations
- Impact on reputation

6. Identification of a Conflict of Interest

There is no single definition that would cover all potential conflicts of interest and not all conflicts of interest have a negative impact or are the result of an unethical behaviour. Despite this fact, any conflict of interest can have a negative impact on the reputation of EDB and/or its Clients, hence the need to treat all conflicts of interest with the highest attention.

A conflict of interest typically arises where there is an implicit or explicit relationship of trust. Where a company can exploit a professional or official capacity for their own benefit or for the company's benefit, a conflict of interest may be present.

All the employees and the business should carefully consider the intragroup delegated services to detect potential conflict of interest.

Where an organizational conflict arises, this should be reported to the Senior Management who will verify whether it is a conflict and organizational in nature.

Conflict may also be detected through other source such as internal audit, regulatory examinations or directly by the business.

Common conflicts of interest situations may include, but are not limited to:

- Handling of inside information
- Employee trading (own behalf or on behalf of EDB)
- Providing advise in relation to Client business
- External and Internal Directorship
- Competitors of EDB
- Provisions of gifts and entertainment
- Personal relationship between employees in same location/department

7. Conflicts

The Compliance Officer/MLRO will oversee the maintenance of a centralized Conflict Register which will be updated by the business. This register will be provided to the Regional Compliance Officer on a monthly basis as part of the monthly compliance report.

In absence of an exhaustive list of conflicts of interest, EDB categorizes conflicts as following:

- EDB – Client conflicts - Conflict of interest arising between client interests and the interest of a particular business or EDB
- Client – Client conflicts - Conflict of interest between clients around services, fees, etc. (e.g. between EDB local clients and client delegated by another EDB entity, is there a difference in treatment)
- Employee – Client conflicts - Conflicts between and employee and a client around service understanding, roles and responsibilities, liability, etc.
- Board of Directors EDB /EDB entities and EDB - Conflicts between the Board of Directors of EDB / EDB local entities and EDB clients Boards or external companies Board (e.g. additional external mandates)
- Related third parties and EDB - Conflicts of interest between any contracted external third party providing services to EDB

Concerns related to an external service provider of any kind (actual or potential conflict of interest) immediately to avoid that EDB is negatively impacted by the following:

- service level is impacted by disadvantageous terms and conditions of a service provider;
- service and billing is impacted by the insolvency and liquidity issues of a service provider;
- exposed due to a breach of regulation by the service provider resulting in fines, license withdrawal or service prohibitions;
- negatively impacted in any other way due to the non-proper risk management of the service provider.

Any of such conflicts of interest have to be brought to the attention of the Supervisory Board, to the Management Board and Compliance.

- Related third parties and related third parties - Conflicts of interest between different related third parties causing a negative impact on EDB as a result.

8. Assessment

It is the responsibility of all employees to identify any existing or arising conflict of interest escalating it upon detection in line with relevant applicable procedural framework. Should EDB not have a described process in place to address a specific conflict of interest, the employee has to inform the local Compliance Officer/Money Laundering Officer to allow further assessments and approaches on the specific case without delay.

Any conflict of interest has to be assessed in a conservative manner focusing on the protection of EDB. Keeping EDB abreast of any risk exposure (legal, regulatory, finance and reputation) is mandatory and any action applied for the resolution of a conflict of interest has to ensure this protection.

Any conflict of interest has to be managed within EDB respecting the Data Protection Laws and Privacy Laws applicable within Luxembourg.

Any conflict of interest assessment must be performed initially when establishing the conflict of interest and at any time the new conflict is identified and on annual basis.

Business shall refer to the below (non exhaustive) examples around conflict different scenarios and severity:

- Potential conflict subject to existing fiduciary contractual obligation shall be discussed with Compliance and Legal for mitigation;
- Conflict of interest with potential financial impact should be discussed with Finance and Senior Management;
- Conflict within the market or at peers companies have to be considered as greater risk and trigger immediate escalation to the local Senior Management and local Compliance;
- Regulatory conflicts have to be immediately escalated to the Senior Management and local Compliance Officer as they constitute a higher reputation and financial risk;

- Any reputation risk (e.g. adverse media, sanctions, litigations, etc.) need to be escalated immediately to the Senior Management and local Compliance Officer.

9. Escalation Process

Upon identification of a new conflict, the business must disclose it with local Compliance and Senior Management, which then will determine if the conflict has been adequately addressed and if the register is updated accordingly.

In order to do so, EDB employees must use the Declaration of Interest Form.

Where necessary, Senior Management will have to initiate necessary steps to ensure mitigation of the conflict of interests identified directly within the business procedures. If otherwise, then the conflict needs to be escalated accordingly to Senior Management and Local Compliance for discussion and resolution within 48h.

Senior Management and local Compliance will work together for resolution and will provide with outcome within 5 business days.

Whether a further escalation is required to the Supervisory Board and the Global Head of Compliance, the resolution will need to be achieved within 10 business days from the notification.

EDB defines this formal escalation procedure:

- When a conflict of interest is identified and it cannot be dealt with or addressed within the normal procedures, then this must be reported immediately to the Compliance Officer, which will have the responsibility of tracking the instance, assess it and find solutions.
- Should the Compliance Officer need further guidance on such conflicts, it will report them to the Head European Compliance Officer and ultimately to the Global Head of Compliance, which will then consider the potential conflict situation in detail and thereafter decide on further proceedings.
- If a conflict of interest cannot be avoided by other measures, the Global Head of Compliance will report the conflict to the Executive Committee for discussion and further action to solve it (under the Executive Committee Charter).

10. Resolution Process

Conflicts of interest must be resolute and eliminated when required by:

- Law, regulation or any regulatory expectation;
- The EDB Code of Conduct and Ethics and EDB Policies;
- EDB expectations around a certain business relationship.

The risk(s) presented by a conflict of interest that cannot be eliminated must be managed to an acceptable level and in compliance with applicable laws and regulations. Senior managers have to ensure that any conflict of interest has been managed and addressed covering and mitigating the relevant risk.

11. Culture of Integrity

The Compliance Department promotes within the company a culture of integrity which highlights that employees have a fiduciary duty to be watchful for potential conflicts of interest. In addition, the local Compliance Officers are dedicated to taking all reasonable steps to assist in the management and remediation of potential conflicts of interest or actual conflicts of interest.

12. Training

Appropriate training is delivered by local Compliance on a yearly basis to employees educating and reinforcing the company's culture of integrity and requirements regarding conflicts of interest. In order to facilitate this process, EDB shall ensure that:

- All employees have permanent and easy access to the company's Code of Conduct and Ethics and Conflict of Interest policy. These are stored in the Intranet; and
- Each employee receives, on commencing their employment a copy of the Code of Conduct and Ethics and the Conflict of Interest policy. The employee has to sign that they have read and understood these rules of conduct and commit in writing to respect them.
- All employees have access and are enrolled to the annual mandatory training through Knowledge Academy and/or local classroom.

Training will need to include at least:

- the definition of a conflict of interest;
- the risk associated with conflict of interest, such as financial, reputational, regulatory and legal;
- roles and responsibilities for identifying and managing conflicts; and
- Conflict risk assessment principles.