



# CONFLICTS OF INTEREST POLICY



**Conflict of Interest Policy**

## **1. Conflicts of Interest Framework**

A conflict may arise when the interests of the firm, its associates, or its clients are at odds with one another. Such conflicts carry risks of undue influence on professional decisions or actions driven by personal or other motivations, which could harm client interests. Actual, potential, or perceived conflicts of interest could also jeopardize the firm's reputation or its relationships with clients.

To address these challenges, the firm relies on its Conflict-of-Interest Framework, a disciplined and structured approach designed for the identification, assessment, and management of conflicts. The Framework encompasses:

### **a. Conflict Identification**

- Categorization of conflict types and scenarios to enhance understanding and clarity.
- Conflict Risk Identification and Controls Evaluation to assess potential risks arising during business operations.

### **b. Conflict Management**

To mitigate, address, or prevent conflicts wherever possible, the firm employs various mechanisms, including:

- Comprehensive policies, standards, and procedures tailored to specific risks.
- Targeted training programs to ensure awareness and compliance.
- Management and oversight to maintain accountability and governance.
- Additional controls to strengthen conflict mitigation efforts.

## **2. Conflict Types and Categories**

Business Verticals must proactively recognize and address conflicts that may arise across four key Conflict Types and seven Conflict Categories to safeguard the firm's integrity and client interests.

### **2.1 Conflict Types**

1. Firm vs. Client: A conflict arises when the firm's interests are in opposition to the interests of one or more clients.
2. Associate vs. Client: A conflict emerges when an associate's personal interests conflict with the interests of one or more clients.

3. **Client vs. Client:** This occurs when the interests of one client are in opposition to the interests of another client or multiple clients.
4. **Associate vs. Firm:** A conflict develops when an associate's personal interests are opposed to the firm's interests.

## **2.2 Conflict Categories**

Conflict Categories identify the core substantive issues a particular conflict may raise. They include:

### **a. Conduct**

Conflicts may arise from the actions or decisions of firm associates. Examples include:

- Managing gifts and entertainment.
- Handling complaints.
- Engaging in personal political activities.
- Involvement in outside activities or personal business dealings. Such actions may conflict with the firm's or the client's interests. For detailed guidance, refer to the Code of Conduct and Business Ethics Policy.

### **b. Client Management**

Conflicts may arise in the management of client accounts, including:

- Providing recommendations or advice.
- Setting fees.
- Conditioning product or service offerings. These situations could potentially fail to align with the client's best interests.

### **c. Dealings Between Related Parties and Client Accounts**

Conflicts occur when transactions between the firm's related parties or interests and client accounts represent self-dealing, thereby posing risks to client interests.

### **d. Dealings with Affiliates and Related Parties**

When acting on a client's behalf, the firm may engage with its affiliates or related parties. These dealings can create conflict if they are not executed in the client's best interest.

#### **e. Dealings with Third Parties/Suppliers Resulting in Financial Benefits to Related Parties**

Conflicts arise if the firm receives financial benefits—either direct or indirect—from a third party or supplier for an agreed arrangement. Examples include:

- Obtaining outsourced services.
- Directing trading to specific exchanges. Such benefits may compromise the firm’s ability to act in the client’s best interest.

### **3. Conflict Risks Identification and Controls Evaluation**

Business Verticals must take proactive measures to identify and evaluate conflict risks as they arise. This process includes:

#### **a. Conflict Scenarios Identification**

- Recognizing situations that could result in actual, potential, or perceived conflicts.
- Ensuring adherence to the principles outlined in this Policy, as well as other relevant Company policies and procedures.

#### **b. Assessment of Risks**

- Assessing the impact and likelihood of conflicts emerging in the course of the firm’s operations.
- Identifying and categorizing risks under the pre-defined Conflict Types and Categories.

#### **c. Implementation and Evaluation of Controls**

- Introducing controls designed to manage, mitigate, and, where feasible, prevent identified conflict risks.
- Regularly evaluating the effectiveness of these controls to ensure robust conflict management.

### **Guidance for Associates**

While this Policy outlines core principles, the firm’s expansive product and service offerings, along with its diverse client base, mean it is impossible to enumerate every scenario that might trigger a conflict. Associates should:

- Stay vigilant in identifying potential conflict situations.
- Apply professional judgment to determine when an actual, potential, or perceived conflict may arise.
- Reference the enumerated Conflict Types and Categories to guide their evaluations.

## 4. Management of Conflicts

Effective conflict management includes policies, standards, procedures, training, management and oversight, as well as other controls. Business Verticals, in collaboration with HR, must establish methods to address, mitigate, and, where possible, prevent conflicts of interest. This includes:

### A. Policies, Standards, and Procedures

- Business Verticals must adopt additional policies or standards tailored to address conflicts, in compliance with local laws or regulatory requirements.
- Relevant procedures should be implemented to identify, manage, prevent, or disclose actual, potential, or perceived conflicts.

### B. Training

- The firm conducts ongoing risk-based training to enhance associates' understanding of how to identify and mitigate specific conflict risks, including guidance on adherence to policies, standards, and procedures.
- Each vertical may supplement firm-wide training by providing targeted, risk-based sessions focused on relevant conflict management practices.

### C. Other Controls

- Separation of Job Functions: In cases where two or more job functions within a business unit (BU) could result in conflicts, appropriate controls must be instituted by the Business Vertical Head. These may include:
  - Assigning job functions to separate senior staff members.
  - Providing training to senior staff and associates on conflict management.
- Compensation: Incentive compensation arrangements must align with the firm's governance structure, ensuring accountability and preventing conflicts. Compensation should promote long-term, sustainable client relationships while avoiding incentives for behavior that may result in conflicts between associates, the firm, or clients.
- **Disclosure:**
  - Business Verticals must disclose actual, potential, or perceived conflicts to third parties, as required by

law or regulation.

- Disclosures should be clear, specific, and reasonably prominent. When feasible, prior notice should be provided to allow the third party to review before proceeding with the service.
- If the conflict involves client-to-client relationships, disclosures must adhere to contractual or regulatory restrictions on sharing client information.
- Affirmative third-party acknowledgment of the conflict is generally not required under this policy unless mandated by specific circumstances or local law.

For additional guidance on disclosure requirements, formats, or timing, Business Verticals should consult Legal or Compliance teams.

## **5. Associate Escalation**

Associates must promptly escalate actual, potential, or perceived conflicts to their manager or the Compliance Team. The Compliance Officer holds responsibility for assessing, mitigating, and/or disclosing the conflict appropriately.