

SMBC Group

Summary of Conflicts of Interest Policy

October 2021

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Introduction

Sumitomo Mitsui Banking Corporation (SMBC), SMBC Bank International plc (SMBC BI), SMBC Bank EU AG (SMBC EU), SMBC Nikko Capital Markets Limited (SMBC Nikko), SMBC Derivatives Products Limited (DP Ltd) and SMBC Nikko Capital Markets Europe GmbH (SMBC Nikko CM Europe) operating in the EMEA region (together (“SMBC Group”) or (“we”)) are required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, prevent, monitor and manage conflicts of interest.

SMBC Group have established a policy to safeguard our customers’ interests. The key information is summarised below, and more detailed information is available on request.

Conflicts of Interest Policy

SMBC Group is a multi-service banking group, which is present in many countries, providing its customers with a wide range of banking services. Like any financial services group, SMBC Group is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our customers’ interests and ensuring we conduct our business in an honest and professional manner is our primary concern and so, our Policy sets out how we:

- will identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to our customers’ interests;
- have established appropriate mechanisms and systems to manage those conflicts; and
- will maintain appropriate processes in an effort to prevent damage to our clients’ interests through identified conflicts.

Conflicts of interest are impossible to rule out. Our policy defines conflicts of interest as: situations where the competing interests of the firm, its employees and/or customers mean that SMBC Group cannot fairly discharge its obligations to a customer and/or the market.

SMBC Group takes into account, whether itself or a person directly or indirectly linked by control to the firm is one of the following situations:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;
- has an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer’s interest in that outcome;
- has a financial or other incentive to favour the interest of another customer or group of customer s over the interests of the customer;
- receives or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monetary or non-monetary benefits or services.

The measures we have adopted to manage identified conflicts are summarised below. We consider them appropriate to our efforts to take reasonable care that, in relation to each identified potential conflict of interest, we act impartially to avoid a material risk of harming the interests of customers and/or the market.

Policies and procedures

We have adopted specific policies and procedures throughout our business activities designed to manage potential conflicts of interests. Our employees receive guidance and training in these policies and procedures, and they are subject to monitoring and review processes.

Confidential Information and Inherent Conflicts of Interest

SMBC Group respects and expects its employees to respect the confidentiality of customer information and not use it other than for the original purposes it was intended for and not disclose it or use it inappropriately. SMBC Group operates a “Need to Know” approach aimed at complying with all applicable rules with respect to handling of such information.

SMBC Group structures its business to manage conflicts of interest through the maintenance of information barriers in accordance with its Information Barrier Policy. This is designed to restrict information flows between different areas of SMBC Group and to ensure unauthorised exchange of information between employees and business areas does not take place. Information Barriers and other measures are put in place to enable SMBC Group and its employees to carry out business on behalf of customers without being influenced by other information held within SMBC Group which may give rise to any actual or potential conflict of interest.

Research Independence

A conflict of interest may arise where the content of research reports or other public statements by a research analyst do not represent the analyst’s genuinely held views as they may have been influenced by the interests of a particular business division of SMBC Group.

In order to manage conflicts of interest, SMBC Group has in place policies and procedures to safeguard the integrity of its research. No person(s) may place inappropriate pressure on a research analyst with respect to the content or timing of a research report or a public statement made by that analyst. The supervisory structure, reporting lines and compensation criteria for research and research analysts are designed to maintain the independence of research from other areas of SMBC Group.

In particular, research analysts are prohibited from undertaking any work that may conflict with their independence as a research analyst, including but not limited to, being prohibited from attending marketing pitches or participating in any investment banking related activities.

Research analysts are physically separated from other functions which may be reasonably be expected to conflict with their research functions.

Research reports contain specific regulatory disclosures in order to assist with the management of conflicts of interest. These include but are not limited to the disclosure of investment banking relationships and SMBC Group and/or affiliate holding disclosures.

SMBC Group has policies and procedures in place to ensure that research is distributed through the appropriate distribution channels.

Execution / Client Order Handling

SMBC Group requires employees to act honestly, fairly and professionally in accordance with the best interests of a customer, including when executing, receiving or transmitting orders on behalf of a customer. A customer’s interests are protected by SMBC Group’s Order Execution and Allocation Policies, which prohibit improper conduct by SMBC Group’s traders and in relation to allocation of assets or financial instruments including prioritisation of customer orders over trading for our own account.

Vendors and Third Party Representatives

SMBC Group operates multiple systems, controls, policies and procedures to manage its interaction with

vendors and third party representatives. SMBC Group carries out due diligence on vendors and third party representatives and has contractual arrangements in place to protect the interest of the SMBC Group and customers.

Conflicts of interest may arise with regards to vendors and third party representatives where, for example, an employee involved in the procurement or hiring process has a close relationship with a particular vendor / third party representative. Employees are expected to follow SMBC Group's Conflict of Interest Policy and identify, escalate and manage potential conflicts of interest accordingly.

Remuneration

Remuneration policies for SMBC Group's employees are set out to ensure appropriate governance to prevent remuneration structures which may incentivise an employee to act contrary to their responsibilities and regulatory requirements. The purpose of the policies is to align the commercial interests of SMBC Group and employees with the effective management of conflicts of interest, and with risk management objectives regarding conduct of business standards, in order to ensure customer interests are not adversely affected by SMBC Group's incentive or remuneration practices.

Inducements

SMBC Group has established policies and procedures to meet its regulatory obligations to its customers, if in relation to the provision of an investment or ancillary service to the customer, SMBC Group pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit (an "Inducement"). An Inducement is only permissible if it is designed to enhance the quality of the relevant service to the customer and does not impair compliance with SMBC Group's duty to act in the best interests of its customer. SMBC Group will ordinarily subject any Inducement to prior disclosure, where essential terms of the arrangements relating to the fee, commission or non-monetary benefit is provided.

Personal account dealing

To prevent conflicts arising from the use of information obtained from customers, and market abuse in general, all employees are subject to personal account dealing rules.

Employees' Outside Affiliations

Our employees are subject to rules designed to avoid conflicts of interest with activities they undertake outside of the SMBC Group.

Gifts and Entertainment

SMBC Group employees should not accept any gifts or entertainment other than those considered normal in their line of business. Excessive gifts or entertainment from customers is prohibited, and SMBC Group is committed to avoiding any gifts or entertainment giving rise to conflicts of interest.

Charitable Donations

SMBC Group has policies in place in relation to Charitable Donations in particular avoiding these where an employee is a key decision maker and has a relationship with a named charity

Disclosure

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect customers' interests, the conflict shall be disclosed to allow customers to make an informed decision on whether to continue using SMBC Group's services in the situation concerned.

Disclosure will never be used as the sole action to mitigate the risk of damage to our customers' interests. Disclosure shall only be used as a measure of last resort, and shall be used only where the effective organisational and administrative arrangements established by SMBC Group to prevent or manage conflicts of interest are not thought to be sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the customer will be prevented.

The disclosure shall include specific description of the conflicts of interest that arise and include the general nature and sources of conflicts of interest, as well as the risks to the customer that arise, in sufficient detail to enable that customer to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.

Declining to act

SMBC Group may decline to act for a customer in cases where it believes the conflict of interest cannot be effectively managed or controlled.