



## Conflict of Interest Policy

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### Content

1. INTRODUCTION.....	3
2. SCOPE.....	3
Objective scope .....	3
Subjective scope .....	3
3. LEGAL FRAMEWORK.....	4
4. DEFINITIONS.....	4
5. DESCRIPTION OF SITUATIONS THAT MAY GENERATE CONFLICT OF INTEREST.....	5
6. MEASURES ESTABLISHED FOR THE MANAGEMENT OF CONFLICTS OF INTEREST .....	6
7. PROCEDURE FOR RESOLUTION OF IDENTIFIED CONFLICTS OF INTEREST .....	9
8. PROCEDURE FOR REGISTERING SERVICES OR ACTIVITIES THAT GIVE RISE TO CONFLICTS OF INTEREST.....	10
9. COMMUNICATIONS AND WARNINGS TO CLIENTS REGARDING CONFLICTS OF INTEREST 10	
10. TRAINING ON CONFLICTS OF INTEREST .....	10

## 1. INTRODUCTION

In accordance with the regulatory framework introduced by *Llei 17/2019, del 15 de febrer, de modificació de la Llei 8/2013, del 9 de maig, sobre els requisits organitzatius i les condicions de funcionament de les entitats operatives del sistema financer, la protecció de l'inversor, l'abús de mercat i els acords de garantia financera* (Law 17/2019, of 15 February, amending Law 8/2013, of 9 May, on the organisational requirements and operating conditions of operational entities in the financial system, investor protection, market abuse and financial guarantee agreements), hereinafter referred to as "Law 8/2013", the operational entities of the financial system that provide investment services are obliged to adopt effective measures that guarantee the protection of their clients. In accordance with this obligation, any conflict or potential conflict of interest that may arise in relation to the activity of Andorra Banc Agricol Reig S.A. (hereinafter referred to as "Andbank" or "the Bank") can be detected and avoided or, in any case, managed correctly if it is not possible to eliminate the conflict.

Through this Conflict of Interest Policy, Andbank aims to identify circumstances which may give rise to actual or potential conflicts of interest and the procedures to be followed for their proper management.

In this regard, all necessary steps will be taken to act in the best interest of our clients and to offer them maximum protection. The rationale for the Policy can be summarised as follows:

- The identification of conflicts
- Prevention
- Management
- Recording
- The elimination of existing, potential and future conflicts of interest
- Communication and information to the client when necessary

It should be borne in mind that this Conflict of Interest Policy is complemented by other internal policies and procedures that contain regulations for specific areas, and that it offers only a general marc of action in terms of the identification, prevention and management of conflicts of interest related to the provision of investment and auxiliary services.

## 2. SCOPE

### Objective scope

The Policy will apply to all those services, activities, departments or areas of Andbank related to the provision of investment services. In particular, all those departments, areas or working groups that, due to the services and activities they carry out, have the status of a separate area, as defined in Andbank's internal rules and procedures, will be affected.

### Subjective scope

The Policy will apply to all Affected Persons, as defined in the "Definitions" section.

### 3. LEGAL FRAMEWORK

The legal framework to which this policy conforms is as follows:

- *Llei 8/2013, del 9 de maig, sobre els requisits organitzatius i les condicions de funcionament de les entitats operatives del sistema financer, la protecció de l'inversor, l'abús de mercat i els acords de garantia financera* (Law 8/2013, of 9 May, on the organisational requirements and operating conditions of operational entities in the financial system, investor protection, market abuse and financial guarantee agreements).
- *Llei 17/2019, del 15 de febrer, de modificació de la Llei 8/2013* (Law 17/2019, of 15 February, amending Law 8/2013).
- *Reglament de desenvolupament de la Llei 8/2013, del 9 de maig, sobre els requisits organitzatius i les condicions de funcionament de les entitats operatives del sistema financer, la protecció de l'inversor, l'abús de mercat i els acords de garantia financera* (Regulation implementing Law 8/2013, of 9 May, on the organisational requirements and operating conditions of operational entities in the financial system, investor protection, market abuse and financial guarantee agreements).

### 4. DEFINITIONS

- **"Policy"** shall refer to Andbank's Conflict of Interest Policy.
- **"Group"** shall refer to the Andbank Group.
- **"Company, Entity or Andbank"** shall refer to Andorra Banc Agricol Reig, S.A.
- **"Affected Persons"** shall mean all employees of Andbank, including all staff under contract, subcontracted, related agents, directors and members of the Board of Directors.
- **"Separate Areas"** will be the departments areas or working groups that develop activities related to the markets that may have inside information, which are: the Treasury area for the activity carried out in the field of own portfolio, and the Chief Economist Officer and all the Investment Committees where the Chief Economist Officer participates, and that serve for the decision making of the activities of client portfolio management, advice and market analysis.
- **"Identified Collective"**, the people involved in the preparation of investment reports as defined in the law, that is, the Chief Economist Officer and all the Investment Committees where the Chief Economist Officer participates, and the members of the Compliance Markets area for the information that they may know about the markets provided by other areas of the Entity.
- **"Related Persons"** means the following persons:
  - a) Persons with a relationship of affinity up to the first degree with an Affected Person, by consanguinity or affinity (ancestors, descendants and spouses or persons united by relationship of analogous effectiveness) in accordance with the provisions of current legislation; as well as the children of the spouse or common-law partner of the Affected Person provided that they are minors and that they share a domicile with said person.
  - b) Any legal person, trust or association in which the Affected Person or the persons mentioned in the previous section hold a managerial position, or which are directly or indirectly controlled by said person or which has been created for their benefit or whose economic interests are largely equivalent to those of said person. It is understood that there is control over any legal person when:
    - It owns directly or indirectly, or through a control link, 20% or more of the voting rights or the capital thereof, or
    - Any of the following requirements are met:

- i. holds a majority of the voting rights;
- ii. has the power to appoint or dismiss a majority of the members of the administrative body;
- iii. a majority of voting rights may be available under agreements concluded with third parties;
- iv. a majority of the members of the administrative body have been appointed.

## 5. DESCRIPTION OF SITUATIONS THAT MAY GENERATE CONFLICT OF INTEREST

The following situations can be identified as generating conflicts of interest:

- Conflicts between Andbank's interests and the interests of its customers: that is, situations in which for some reason Andbank can prioritize its own interest to that of its customers. A typical case of this conflict of interest is that of third-party incentives received by the advisory service.
- Conflicts between the interests of Andbank's employees and the interests of its customers: that is, potential situations in which the professional tasks performed by the Affected Persons are not aligned to act in the best interests of their clients, such as, for example, direct remuneration practices to managers that may involve risk of malpractice in sales, or when faced with potentially beneficial investment opportunities, the manager first executes personal transactions on such an opportunity and then trades on behalf of his client.
- Conflicts between the interests of two or more Andbank clients: a client's interests may occasionally conflict with those of another client, for example, in situations where the Bank has the possibility to be detrimental to one client over another (allocation of orders to several client accounts during a great potential but limited investment opportunity).
- Conflicts between different group entities: i.e., situations in which the interests of others group entities may have an influence on the provision of investment services to clients by potentially putting their interests first.
- Conflicts between different areas, departments or working groups of Andbank: that is, situations in which within Andbank, due to the different activity carried out by each area, conflicts may be generated that make a specific area not act objectively.
- Conflicts between Andbank and other investment firms: i.e. situations in agreements or relationships with other investment firms may have an influence on the provision of investment services to the institution's clients by putting their own interests first.
- For the purpose of listing the types of conflicts of interest which may arise in the provision of investment or ancillary services, or a combination of both, the finding of which may be found to be detrimental to a client's interests, consideration should be given at least to whether Andbank or any of the persons covered by the Policy are in any of the following situations, whether as a result of providing investment or ancillary services, performing investment activities, or otherwise:
  - Andbank or the Affected Person may obtain a financial benefit or avoid a financial loss, at the expense of the client.
  - Andbank or the Affected Person has an interest in the outcome of a service provided to the customer or a transaction carried out on behalf of the customer that is different from the client's interest in the outcome.
  - Andbank or the Affected Person has financial or other incentives to further the interests of another customer or group of customers over the interests of the customer.
  - Andbank or the Affected Person carries out the same activity as the client.

- o Andbank or the Affected Person receives or will receive from a person other than the customer an incentive in relation to a service provided to the customer, in the form of money, goods or services, other than the standard commission or fee for this service.

There is no conflict of interest if there is a profit being made or a loss is avoided if this does not result in a possible harm to a client. In the same way, it is not necessary for the risks of harming one or more customers to materialize; the existence alone of a situation of risk of prejudice to the interests of customers requires the application of this policy.

The first line of defence, the areas that perform investment services or are related to the securities markets, will be responsible for identifying potential conflicts of interest and, through the established channels, will inform the Compliance department through the email [Dept.compliance@andbank.com](mailto:Dept.compliance@andbank.com) of the measures to be taken to protect the interests of customers. In the event that incidents are detected, they will be reported to the Compliance Committee and the Ethics and Compliance Committee.

## 6. MEASURES ESTABLISHED FOR THE MANAGEMENT OF CONFLICTS OF INTEREST

Once the situations that may generate potential conflicts of interest have been identified, and it has not been possible able to prevent their existence, the measures that Andbank has established to manage these potential conflicts and, in a reasonable way, avoid the risk of affecting the interests of its clients are included below.

In this regard, it should be noted that Andbank has developed internal procedures containing measures to prevent and/or manage conflicts of interest (e.g. Code of Conduct and Global Action Principles).

Without prejudice to the foregoing, this section includes the main measures that have been considered fundamental for the purpose of preventing and managing conflicts of interest; these measures will be joined by those that Andbank considers necessary at any time to manage the new potential conflicts that are identified within the activity of providing investment services.

Conflict of interest management measures could be grouped into the following categories depending on the subjects involved, taking into account that some of them are applicable to several categories:

### a) **Between Andbank and its customers**

#### i. Control of own-account transactions:

Own-account transactions carried out by Affected Persons whose object is negotiable securities or financial instruments must conform to Andbank's internal rules and procedures, which establish fair processes for the management and execution of transactions.

#### ii. Lines of supervision of business areas that may conflict with clients' interests.

#### iii. Internal procedures to avoid the existence of incentives not permitted in the provision of investment services and/or in the marketing of financial instruments

### b) **Between different Andbank clients**

#### i. Control of own-account transactions:

Andbank has, in accordance with applicable regulations, a Best Execution Policy aimed at obtaining the best possible result for the client, when providing the service of receiving and transmitting of orders and the service of order execution.

The Best Execution Policy establishes, among other things, the criteria for the priority of client orders in order to avoid potential conflicts of interest in the confluence of the same transactions

carried out by Affected Persons on their own account, whose object is negotiable securities or financial instruments.

**c) Between different entities of the group**

**i. Priority of customer transactions:**

Andbank has, in accordance with applicable regulations, a Best Execution Policy aimed at obtaining the best possible result for the client, when providing the service of reception and transmission of orders and the service of order execution.

The Best Execution Policy establishes, among other things, the criteria for the priority of client orders to avoid potential conflicts of interest in the confluence of these orders.

The Group's entities are treated in the same way as any other client, applying at all times the principles indicated in the Best Execution Policy regarding the priority of orders. In addition, in order to prevent these conflicts, Andbank has developed internal policies, manuals and/or procedures of various kinds which contain specific measures to ensure the prevention and proper management of any conflicts of interest which may arise.

**d) Between different Andbank areas, departments or working groups**

**i. Determination of separate areas**

In order to prevent or control the exchange of information between Affected Persons who participate in activities which entail the risk of a conflict of interest that could be detrimental to Andbank or the interests of one or several clients, as well as to avoid the flow of privileged information, separate areas are established within Andbank, both in relation to the rest of the organisation and between them, the departments, areas or working groups in which any type of activity related to the securities market is carried out.

The Group companies that provide investment services or carry out investment activities will also be considered as separate areas, both among themselves and with the Andbank departments that carry out this type of service or activity.

**ii. Separate supervision of Affected Persons**

Separate supervision must be provided for Affected Persons whose functions are to carry out investment activities or provide investment services on behalf of or for the benefit of clients with conflicting interests or who represent different interests that may conflict, including those of Andbank.

**iii. Exercise of undue influence**

Andbank will establish specific sanctions to prevent any person from exerting undue influence over the way in which an Affected Person performs investment or ancillary services or activities.

**iv. Simultaneous involvement in different activities and services**

To prevent the simultaneous or consecutive participation of an Affected Person in different services or activities, as long as the above-mentioned participation may be detrimental to an adequate management of conflicts of interest, the Regulatory Compliance Department will identify the tasks carried out by the Affected Persons, analyse the possible incompatibilities that may arise and submit its report to the competent governing body.

e) **Other**

i. Investment Reports

"Investment report" means any report or other information which, without taking into account the specific personal circumstances of the client for whom it is intended, recommends or proposes an investment strategy, explicitly or implicitly, concerning one or more financial instruments or issuers of financial instruments, including any opinion on the current or future value or price of these instruments, provided that the information is intended for distribution channels or the public and that the investment report is qualified as such, or as a financial analysis or any similar term, or is presented as an objective or independent explanation of those issuers or instruments on which they make recommendations.

The persons involved in the preparation of the investment report, who have been identified as "Identified Collective\*" must comply with the requirements for this operation included in the Code of Conduct and Principles of Global Action of the entity as long as they may not carry out personal operations or negotiate on behalf of any person, including the company itself, except if they do so as market makers acting in good faith and in the ordinary course of this activity or when executing an unsolicited order by a client without andbank's prior proposal, in relation to the financial instruments to which the investment report refers, or with any related financial instrument, if they are aware of the likely content of the report and such data have not been made public or disclosed to clients and cannot be easily inferred from the information available, until and in any event the recipients of the report have had a reasonable opportunity to act on it. may not carry out personal transactions with the financial instruments to which such reports refer, or with related financial instruments, contrary to the recommendations in force, except in exceptional circumstances and with the prior written approval of the Regulatory Compliance Department.

For the purposes of this Policy, a related financial instrument shall mean one whose price is directly affected by changes in the price of a financial instrument that is the subject of an investment report, including derivative instruments on that instrument.

ii. Remuneration Policies

The Entity has identified the risks derived from the development of its activity and has approved a series of rules of conduct that put at all times the interests of the client before those of the client itself. Entity or any employee. Within this framework, the Entity has a Remuneration Policy that meets this same objective, so that any remuneration structure is consistent with this fundamental principle. One of the fundamental objectives of this Policy is to ensure that there are no remuneration incentives that encourage the competent personnel of the Bank to place their interest or that of the Entity above that of their clients.

This Remuneration Policy will be periodically reviewed by the Human Resources Department to ensure that the current remuneration systems comply with the established principles and limits.

iii. Allowed incentives:

Andbank will provide investment services and activities with honesty, impartiality and professionalism, always seeking the best interests of its clients.

Andbank may pay or contribute to a third party or receive from a third party or person acting on behalf of this third party non-monetary fees, commissions or benefits in connection with the provision of an investment or auxiliary service to the client provided provided that this payment increases the quality of the service provided to the client and does not impede Andbank's obligation to act in the best interests of the client.

Affected Persons may not accept - either for themselves or for any of their Related Persons - gifts in connection with their work at Andbank, with the exception of:

- promotional commercial gifts from financial institutions, companies or any other supplier of goods and services, provided that they are of an ordinary nature and do not go beyond the common courtesies associated with commercial practices, within the limits set out in the Bank's Code of Conduct and Global Action Principles.



- attendance at business-related leisure activities such as sporting or theatrical events or invitations to lunches or dinners provided that they are a common part of a transaction or ordinary business development activities and are attended with the representatives of the corresponding entity, company or supplier, within the limits set out in the Bank's Code of Conduct and Global Action Principles.

iv. List of insiders

In order to safeguard clients and the Entity itself from potential conflicts of interest in the use of inside information, in the case of Andbank's involvement in some kind of corporate operation or similar of both listed and unlisted companies, the Compliance Department must receive and safeguard a list with the people in the organization who have total or partial access to the information or to which part of it, could be object of a potential conflict of interest, who must comply with the requirements for this operation included in the Bank's Code of Conduct and Global Action Principles.

v. Market research

Market prospecting consists of communicating information to one or more potential investors prior to the announcement of a transaction with the aim of assessing the interest of those investors in a possible transaction and the conditions relating to that transaction such as the potential price or volume, carried out by an issuer, a bidder on the secondary market who you need the information of potential interest to establish the conditions of the offer or a third party acting on behalf of any of the above.

If Andbank performs this activity, it will need to keep a record of what information has been given to which potential customers to avoid a conflict of interest with customers outside this group in a potential transaction.

## 7. PROCEDURE FOR RESOLUTION OF IDENTIFIED CONFLICTS OF INTEREST

Conflicts of interest shall be resolved by the head of the area or department concerned. If it affects several areas, it shall be resolved by the immediate superior of all of them. If none of the above rules apply, it shall be resolved by the person designated by the Regulatory Compliance Department.

In the resolution of conflicts of interest, the following rules shall be taken into account:

- (i) In the event of a conflict between Andbank and a client, the client's interest must be safeguarded.
- (ii) In case of conflict between customers:
  - a) preference shall not be given to any of them;
  - b) under no circumstances may transactions carried out by other clients be disclosed to any other client;
  - c) there shall be no incentive for one client to carry out a transaction for the benefit of another.

If the measures adopted by Andbank are not sufficient to guarantee, with reasonable certainty, that the risks of damage to client interests are being prevented, the Bank shall inform the persons affected of the nature and source of the conflict, and the services or transactions where the conflict is apparent may only be carried out if customers give their consent. In the event that no management measures are possible, and clients are not informed of this fact, the operation cannot be carried out.

The decision on the conflict and any possible resulting incidents will be reported to the Regulatory Compliance Department, which will inform the Ethics Committee.

## 8. PROCEDURE FOR REGISTERING SERVICES OR ACTIVITIES THAT GIVE RISE TO CONFLICTS OF INTEREST

The Compliance Department shall keep an up-to-date record of the types of investment or ancillary services or investment activities carried out by or on behalf of Andbank in which a conflict of interest has arisen that has posed a material risk of prejudice to the interests of one or more clients or, in the case of an ongoing service or activity, those in which such a conflict may arise.

The following information shall be recorded in a clear, non-manipulative manner and numbered accordingly:

- (i) Identity of the Affected Persons who have been exposed to the conflict of interest.
- (ii) Date upon which the conflict originated.
- (iii) Instruments or services to which the conflict refers.
- (iv) The reason for the conflict appearing and a detailed description of the situation.
- (v) Description of the management, minimisation or, where appropriate, rectification process for the situation.

## 9. COMMUNICATIONS AND WARNINGS TO CLIENTS REGARDING CONFLICTS OF INTEREST

The units responsible for the provision of investment services shall inform clients to whom they offer the provision of investment services or activities on financial instruments subject to the scope of securities market rules and prior to their contracting:

- a) a summary version of Andbank's conflict of interest policy setting out the general procedures and measures established to minimise and manage conflicts of interest.
- b) at the request of the customer, this Policy will be made available to him, which can be carried out either by publication on its website or by means of another durable medium.

In the event that the measures taken by Andbank are not sufficient to ensure, with reasonable certainty, the prevention of risks of harm to the interests of its customers following the existence of a conflict of interest, Andbank will warn the client before acting on his behalf of the nature and origin of the conflict by means of a durable medium and will include the following data in order to allow the client to adopt an informed decision:

- (i) The existence of the conflict.
- (ii) The general nature or origin of the conflict.
- (iii) The possible impacts that it could have in the framework of the provision of the service or the realization of the corresponding investment activity.
- (iv) The measures taken to mitigate the conflict of interest.

Disclosure to the client of the existence of a conflict of interest should be considered as a measure of last resort that should only be used when the organisational and administrative measures established to prevent or manage the conflict are not sufficient to ensure the prevention of risks of harm to the interests of its clients.

## 10. TRAINING ON CONFLICTS OF INTEREST

All Affected Persons, including those who are joining the Andbank service for the first time, must receive general training on the content of this Policy and, in particular, on the specific content affecting them. Updated training activities will be carried out in the event of changes in the established requirements and procedures, either as a result of new regulations that may affect them, or with the aim of carrying out the identification, prevention and management of conflicts of interest more effectively.