Shard Capital

# Conflicts of Interest Policy

## Shard Capital Group

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# 1 OVERVIEW

The Conflicts of Interest Policy sets out the approach that the Shard Capital Group ("Shard Capital") takes towards identifying, recording, managing and, where necessary, disclosing Conflicts of Interest (COIs).

As a firm authorised and regulated by the Financial Conduct Authority ("FCA"), Shard Capital must comply with the regulations outlined in the Senior Management Arrangements Systems and Controls (SYSC 10.1) whilst also adhering to Principle 8 of the Principles for Businesses, which states that "a firm must manage Conflicts of Interest fairly, both between itself and its customers and between a customer and another client".

Additionally, the EU Markets in Financial Instruments Directive II ("MiFID") requires Shard Capital to maintain and operate effective organisation and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage COIs.

# 2 APPLICATION / SCOPE

As an FCA regulated firm and an ISDX registered Corporate Adviser, Shard must take all appropriate steps to identify and to **prevent or manage conflicts of interest** in accordance with SYSC 10:

- Between Shard, including its managers, employees and appointed representatives or any person directly or indirectly linked to them by control, and a client of the firm,
- Between one client of the firm and another client;
- Between a director, manager or employee and a client of Shard.

Shard therefore has a duty to ensure that it has appropriate arrangements in place to identify and manage conflicts that may arise.

This policy sets out the firm's approach to understanding and managing conflicts of interest, as well as the expectations it places upon all partners, employees, and contractors in this regard.

This policy will:

(a) Identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to clients' interests.

(b) Establish appropriate procedures and systems to prevent, manage and monitor those conflicts.

(c) Ensure the maintenance of such procedures and systems in an effort to prevent actual damage to clients' interests through conflicts identified.

## 3 RESPONSIBILITIES OF STAFF

This procedure applies to all representatives of the Shard Capital Group ("Shard") including temporary staff, contractors, and outsourced service providers, irrespective of the jurisdiction from which they operate.

It is the responsibility of all representatives to familiarise themselves with this Policy and to report conflicts of interest to the Compliance team. Failure to adhere to this policy can be taken to be a breach of an employee's contract.

Overall responsibility for Conflicts of Interest lies with Shard's employees. The Chief Compliance Officer is responsible for the day-to-day administration of the Policy.

The Compliance team will work with Shard's representatives to identify and manage Conflicts of Interest, and record on the Conflicts register. The Compliance team must be notified, as relevant, immediately by any employee if a conflict of interest arises or if they are unsure as to whether a particular situation has resulted in a conflict of interest arising.

## 4 TYPES OF CONFLICTS

There is no absolute definition of a conflict of interest, and they may arise at any time. They can arise at the start of a relationship with a client as well as at any time during a relationship. A conflict of interest can arise in any area of Shard's business in the course of providing a service and whose existence may damage the interests of a client.

As a minimum, Shard must take into account whether it or a relevant person:

- Is likely to make a financial gain (or avoid a loss) at the expense of a client.
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
    - As the investment manager of a UCITS scheme, the above also applies where the service is provided to, or the transaction is carried out on behalf of a client other than the UCITS scheme.
- Has a financial or other incentive to favour the interests of another client or group of clients over the interests of another client.
- Carries on the same business as a client or for a UCITS scheme and for another client/s which are not UCITS schemes.
- Receives or will receive from a person other than a client an inducement in relation to a service provided to a client, in the form of monies, goods or services other than the standard commission or fee for that service.

## 5 EXAMPLES OF CONFLICTS

Within a multi-service financial institution, conflicts of interest may arise in a variety of situations. Below are non-exhaustive examples of areas of concern and what may be considered typical conflicts of interest that may arise in relation to investment services provided by Shard:

- **Personal account dealing**: An employee may engage in buying or selling financial instruments for their personal gain, creating a situation where their personal interests may diverge from the best interests of the company and its stakeholders

- **Proprietary Trading:** Shard may allocate shares in placings for its own account/ staff accounts over clients who are also active in such shares/ placings.

- **Portfolio management**: Shard may provide investment advice or discretionary portfolio management services to its clients but may also recommend or sell products issued by itself or affiliated companies.

- **Corporate finance:** An individual may carry out two different roles within Shard, i.e. Corporate Finance and Investment Management.

- **Provision of investor/public relations**- Shard may provide small cap companies with investor/ public relations services to promote the company whilst also providing investment advice to its clients.

- **Management of two or more UCITS schemes:** Where Shard manages more than one UCITS fund, it may favour one fund over another to generate higher income.

- **Cross pollination between different departments within Shard**: Shard may recommend another Shard product to a client, when it is not in the best interests of the client.

**Gifts and Other Inducements**: Gifts, entertainment, hospitality, and other inducements could influence the firm's Partners and other employees to do business with one intermediary or one supplier over another, irrespective of clients' interests.

- **Personal Relationships**: these can arise from the sharing of sensitive information or material non-public information, by employees, executives, and directors with anyone considered a close personal relationship a new client.

- **Misuse of client's private information:** A Shard employee may use client information to solicit/win business from other clients, or for the benefit of other clients

## 6 MANAGING CONFLICTS

Shard's procedures are designed to ensure that persons engaged in different business areas involving a conflict of interest must carry out those activities with a level of independence appropriate to the size and activities of Shard and to the materiality of the risk of damage to its clients.

As such, Shard must have in place the following to ensure the appropriate degree of independence:

- Effective procedures to prevent/ control exchange of information between persons engaged in activities involving a conflict where that exchange of information may harm the interests of client/s.
- The separate supervision of persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict or who otherwise represent different interests that may conflict including those of Shard.
- The removal of any direct link between the remuneration of persons mainly engaged in one activity and the remuneration of, or revenues generated by, different persons mainly engaged in another activity, where a conflict of interest may arise in relation to those activities.
- Measures to prevent or limit any persons from exercising inappropriate influence over the way in which a person carries out services or activities.
- Measures to prevent or control the involvement of a person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

# 7 SHARD CONTROLS

To manage the above conflicts and ensure effective and administrative arrangements are in place Shard has the following controls in place, all of which are subject to normal compliance monitoring and review processes.

## 7.1 CONFLICTS OF INTEREST REGISTER

Shard retains a record of circumstances in which a conflict may, has or will arise as a result of activities carried on by the firm, known as the Conflicts of Interest Register. The register records the type of conflicts, as well as how the conflicts are managed, and the register is updated regularly as and when further conflicts are identified.

It is the employee's responsibility to advise the Compliance team of any conflicts as soon as they are identified, and the actions taken to manage the conflict.

In relation to any such conflicts the following information in writing (email) should be provided:

- Names of clients and or account details
- Nature of the Conflict
- Whether the conflict is deemed to be an actual conflict or a potential conflict
- Identification of those within the firm who the conflict be against, and as such names of those within the firm who are best placed to resolve the conflict.

The information contained within the register facilitates the effective identification and management of any potential conflicts of interest.

## 7.2 INFORMATION BARRIERS

Where necessary, an Information Barrier will be in place as an ethical barrier between different divisions of the business. This is particularly prevalent between the Corporate Advisory and broking sections of SCSB. A wall is put in place to prevent leaks of corporate inside information, which could influence the advice given to clients making investments and allow staff to take advantage of information not yet in the public domain.

## 7.3 PERSONAL ACCOUNT DEALING ("PAD")

Shard has a PAD policy, which is set out in the Shard Compliance Manual. This manual is provided to all employees via email and new members of staff must confirm that it has been read and understood, regardless of their position within Shard.

The PAD policy requires for certain instruments employees to obtain pre-approval from the Compliance team prior to undertaking the PAD trade.

Additionally, to manage certain client conflicts, contact is to made with clients prior to executing an approved PAD trade, to give the client the option to sell out of a stock ahead (where it is held by both client and employee. In such circumstances once a client has been given the option to 'sell ahead' and elects to sell, the employee must then execute their own transaction no later than 24 hours after the client, without exception.

## 7.4 RESTRICTED TRADING LISTS

To comply with regulations and to avoid the appearance of impropriety, Shard maintains restricted trading lists. This is a list of securities, which are subject to restrictions in Partner and employee personal account trading (as set out in the PAD policy).

Partners and employees are prohibited from trading in securities in the market whilst they remain on the list.

Additionally, where Shard occupies an office with another company, a non-disclosure agreement must be signed by the other company in order to ensure inside information is not divulged or acted on in any circumstance.

## 7.5 TRAINING AND COMPETENCY

Shard requires that in its dealings with customers, employees must maintain the highest standard of integrity at all times.

The induction process, Training and Competency procedures, ongoing training programme and monitoring programme are designed to ensure that all relevant staff are familiar with, and observe, the FCA Principles for Business and the Statements of Principle and Conduct Rules..

## 7.6 GIFTS AND ENTERTAINMENT

It is the policy of the firm that employees may not accept or give a gift or entertainment valued at over £100, without the prior consent of the Compliance team. Such permission must be withheld if a conflict is considered likely between the firm's clients and the employee. Full details are set out within the Compliance Manual.

Any Entertaining (given or received) should be designed to enhance the quality of service to our clients. Such areas to be considered are:

- Does the location and nature of venue provide a basis for business discussions?
- Does the activity itself make it conducive towards business discussion, e.g. sporting and social events?

As a result, when completing the gifts and entertainment form, you will be required to set out the reasons for undertaking or receiving entertainment and how it will benefit your clients.

## 7.7 BEST EXECUTION

In order to ensure as fair treatment as possible for customers, the Order Execution Policy requires Shard to take all sufficient steps to achieve the best overall trading result for the customer and to exercise a consistent approach across all markets, clients and financial instruments in which we operate.

All clients are provided with access to a link or hard copy of the Order Execution policy and are required to give their consent to this policy.

## 7.8 OUTSIDE INTERESTS

All outside business interests (whether remunerated or not) require disclosure to the Compliance team. Outside interests must be disclosed when they arise, and it will be considered a serious incident if the details of it surface at a later date.

An outside business interest is any activity where a Shard employee is engaged in being a non – Shard business. This includes being employed by another person, or serving as an officer, director, partner, or consultant, or whether you receive compensation from another organisation (including a family business). It also includes any fees for a work product such as an article or speech or position held at the request of, or as part of your role with Shard or it's entities. Civic activities such as participating in elected or appointed political posts are also included, as are other community enterprises, and serving as a director, officer, or employee of, or consultant to, a non-profit organisation.

A disclosure can be made in writing, but must contain the following information:

• Proposed date of appointment

• Term of appointment, if applicable

• Summary of responsibilities, and

• Any other information relevant to the appointment that could impact on your business function at Shard.

### 7.9 COMPLIANCE MONITORING PROGRAMME

The Compliance team has established a Compliance Monitoring Programme, which includes conflicts of interest monitoring to ensure conflicts are being identified and recorded on the register, as well as testing the arrangements in place for existing conflicts to ensure they are appropriate and being adhered to.

### 7.10 REMUNERATION

Staff within the Infrastructure team are generally paid a basic salary. This salary is not dependent on company performance. A bonus structure does exist, which is linked to company's performance and/ or the individual's performance and is at the discretion of their manager. A remuneration committee is in place to review remuneration for FCA defined 'Code staff'.

### 7.11 DECLINING TO ACT

Where Shard considers it is not able to manage the conflict of interest in any other way, it may decline to act for the customer.

### 7.12 TELEPHONE AND EMAIL MONITORING

Compliance carries out regular telephone and email monitoring which incorporates conflict of interest monitoring.

### 7.13 ANNUAL ATTESTATION

On an annual basis, all employees are required to complete an attestation which includes a declaration confirming they are aware of their responsibilities towards conflicts of interest and that where identified they have been notified to the Compliance team.

## 8 DISCLOSURE OF CONFLICTS OF INTEREST

If the control arrangements in the section above are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Shard must clearly disclose the following to the client before undertaking business for the client and thus disclosure should only be used as a last resort for the management of a conflict and all other options should be carefully explored, before making a 'Disclosure Statement':

- The general nature or sources of conflicts of interest, or both and
- The steps taken to mitigate those risks.

The disclosure must:

- Be in a durable medium
  - Acceptable: paper or email – if email address is provided
  - Not acceptable: telephone or face to face
- Clearly state the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.
- Include specific description of the conflicts of interest that arise in the provision of investment service or ancillary services.
- Explain the risks to the client that arise as a result of the conflicts of interest.
- Include sufficient detail, taking into account the nature of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Shard must treat the disclosure of conflicts as a measure of last resort and should only be used where effective controls established to prevent or manage its conflicts of interest are not sufficient to ensure that risk of damage to clients will be prevented.

In addition, an over reliance on disclosure without sufficient consideration as to how conflicts are appropriately managed is not permitted.

# 9 DOCUMENT CONTROL

Shard will aim to carry out at least annually a review of its Conflicts of Interest Policy to assess its effectiveness and will take appropriate action where any deficiencies are identified.

## 9.1VERSION HISTORY

| Date | Version # | Description | Author | Approver | Next Review |
|---|---|---|---|---|---|
| Jan 2015 | V1.0 | New Policy | | | |
| Sept 2015 | V1.1 | General Review | | | |
| April 2016 | V1.2 | Update | | | |
| Jan 2018 | V1.3 | MiFID II update | MDA | | |
| Feb 2020 | V2 | Annual Review | KLG | Board | |
| April 2022 | V2.1 | Annual Review | KLG | Board | |
| October 2023 | V3 | Change of template and layout changes. Minor content updates such as:<br>- Changing limit to 100GBP<br>- Added examples of conflict of interest | MV | Board | Oct-Dec 2024 |