



Conflict of Interest Policy

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1. Introduction

East-West United Bank S.A. (hereafter “EWUB” or the “Bank”) conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its Clients and between one Client and another. This Conflicts of Interest Policy, explains the fundamentals how EWUB identifies and manages conflicts of interest.

As a financial services provider, EWUB might face (potential) Conflicts of Interest periodically.

This policy is to take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify and manage relevant conflicts.

EWUB has in place business-specific procedures that address the identification and management of actual and (potential) Conflicts of Interest that may arise in the course of the Bank’s business.

2. Purpose

EWUB is required to take all reasonable steps to identify and adequately manage Conflict of Interests entailing a material risk of damage to a Client’s interest. This policy specifies the requirement for the Bank to have in place appropriate procedures and measures in order to identify and manage any such material Conflicts of Interest.

3. Definition and scope

a) Clients

For the purposes of this policy, Clients include:

- existing Clients of the EWUB;
- Potential Clients (where the Bank is seeking individually to enter into a contractual relationship with or without account opening); and
- Past Clients where other duties (confidentiality, NDA on non-public deals and information, etc.) remain in place.

b) Regulated Business

For the purposes of this policy, “Regulated Business” means all forms of sales and trading activities in securities and derivatives and their underlying, underwriting and placing activities, portfolio management,

research and investment advice, custody, corporate finance and structured finance (e.g. M&A advisory activities), deposit taking, lending, foreign exchange services related to sales and trading activity.

c) Relevant Person

For the purposes of this policy, “Relevant Person” means any of the following:

- (a) any employee of the Bank or any appointed representative of the Bank (included but not limited to Board of Directors members, Managing Directors, Head of Department, or Senior Manager or Vice-President or equivalent); as well as any other natural person whose services are placed at the disposal and under the control of the Bank and who is involved in the provision by the Bank of Regulated Business;
- (b) a natural person who is involved in the provision of services to the Bank or its appointed representative under an outsourcing arrangement for the purpose of the provision by the Bank of Regulated Business;
- (c) any employee of the Bank whose close relative (up to second degree parent), spouse or business partner has a tie to a Client.

d) Person with whom a relevant person has a family relationship

- (a) the spouse of the relevant person or any partner of that person considered by Luxembourg law as equivalent to a spouse;
- (b) a dependent child or stepchild of the relevant person;
- (c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned;

e) Bank Vendor

For the purposes of this policy, a “Bank Vendor” means a relationship that the Bank has with a service provider, including but not limited to entities providing outsourcing facilities to the Bank, where services are being provided to the Bank.

f) Conflict of Interest

Taking for granted that Employees must act only in the Bank's interests, a Conflict of Interest is a type of moral hazard problem that occurs when a person or institution has multiple objectives (interests) and as a result has conflicts between them.

Conflict of Interest usually takes the form of misleading information.

Financial institutions or individuals can benefit off of giving out misleading information, at the expenses of external parties, while giving the financial institution or the individual greater profits.

Conflict of Interest is unethical behaviour.

For the purposes of this document this policy applies to those Conflicts of Interest that may give rise to a material risk of damage to the interests of a Client. Conflicts of Interest may arise between:

- the Bank and a Client;
- a Relevant Person (including employees or previous employees) and a Client;
- between employees or ex-employees;
- two or more Clients of the Bank in the context of the provision of services by the Bank to those Clients;
- a Bank Vendor and a Client;
- the Bank and a 3rd party.

4. Application

This policy applies to all departments within the Bank. It also applies to Relevant Persons.

This policy stands above all existing Bank policies and procedures referencing the identification and management of (potential) Conflicts of Interest and forms the basis for any department-specific procedure.

Authorized Management is responsible for ensuring that the Bank's systems, controls and procedures are adequate to identify and manage Conflicts of Interest.

The responsibility for conflict of interest checks remains with the Head for his/her own Department.

Compliance, Internal Audit and Legal will perform regular controls and report any issue to Authorized Management and BoD on *ad hoc* basis. Compliance, Internal Audit and Legal assist Authorized Management and Heads of Department in the identification and monitoring of actual and (potential) Conflicts of Interest.

It is reminded that EWUB will apply a zero tolerance in accordance to specific criteria detailed in HR policy.

5. Rules and Regulations

CSSF has issued in 2012 rules and guidance regarding Conflicts of Interest, mainly for Specialised Investment Funds (“SIF”), but Art 36-37 of the Law dated 5 April 1993 on the financial sector also covers conflicts of interest and applies to all Financial Services providers.

The Commission Directive 2003/125/EC of 22 December 2003 and the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 also detailed the need for controls to avoid and detect conflicts of interest

This policy follows and applies such rules and guidance where applicable. This policy sets out the minimum standards that EWUB will meet to comply with such rules and guidance.

6. General Guidance

(a) In identifying Conflicts of Interest, EWUB will consider all of the factual circumstances and EWUB will take into account whether the Bank, Bank Vendor or a Relevant Person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the 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;
- has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client
- carries on the same business as the Client; and/or
- receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

(b) Exemptions from the personal transaction prohibitions

The prohibitions outlined here above shall not apply to the following kinds of personal transaction:

- personal transactions effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed;

personal transactions in units in collective undertakings that comply with the conditions necessary to enjoy the rights conferred by Directive 85/611/EEC (UCITS) or are subject to supervision under the law of a Member State which requires an equivalent level of risk spreading in their assets,

where the relevant person and any other person for whose account the transactions are effected are not involved in the management of that undertaking.

7. Identifying and Managing Conflicts of Interest

The Bank through its shareholding, is a member of the SISTEMA group. SISTEMA-held/related entities as well as individuals hold several accounts in the Bank, and are therefore likely to benefit from investment services provided by the Bank.

Particular attention shall be paid to the treatment of orders from group companies as clients not ending up into situations adversely affecting the interests of other Clients (non group-related clients). This shall be achieved by ensuring treating and processing orders from each and every client with due care and diligence, keeping in mind any client's best interests, and in accordance with best execution legal and regulatory requirements.

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard the Bank has in place arrangements designed to ensure that:

- EWUB departments and other related legal entities operate with appropriate independence from one another;
- There are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- Authorized Management provide separate supervision of staff where necessary for the fair management of Conflicts of Interest;
- There are appropriate controls performed by HR and Head of Departments (with assistance from Compliance and Legal) in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;
- Relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interest by Head of Departments (with assistance from Compliance and Legal);
- In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- Appropriate inter- and intra-department escalation processes to Authorized Management (and to Compliance and Legal where necessary) are in place and complied with where a Conflict of Interest has been identified or may be identified;
- Code of Conduct includes Integrity and Fair business practices requirements prohibiting situation abusing conflict of interest;
- Whistleblowing procedure allows safe reporting of (potential) unaddressed Conflicts of Interest;

- Adequate records are maintained of the services and activities of the Bank where a Conflict of Interest has been identified;
- Where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a (potential) Conflict of Interest;
- Where necessary, Relevant Persons are subject to personal account transaction rules; and
- Periodic review of the adequacy of the Bank's systems and controls is done by Internal Audit with the assistance of Compliance and Legal.

7.1. "Chinese walls" and segregation of duties

The Bank respects the confidentiality of information it receives about its Clients, operates a "Need to Know" approach, and complies with all applicable laws with respect to the handling of that information.

Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client or the Bank.

The principal way in which the Bank structures its business to manage Conflicts of Interest is through the maintenance of information barriers ("Chinese Walls") in accordance with the Data Confidentiality and Information Security procedures which are designed to restrict information flows between different areas of the Bank.

Chinese Walls and other measures are put in place to enable the Bank and Relevant Persons to carry out business on behalf of Clients without being influenced by other information held within the Bank that may give rise to a (potential) Conflict of Interest.

The Bank also has in place systems maintained by IT to record material information to assist all relevant departments in the identification and management of Conflicts of Interest.

7.2. Variable remuneration provisions and mitigating measure

According to Remuneration policy, the variable part of the remuneration is only function of the staff KPIs and overall Bank's result but not a percentage of the level of Asset under Management or not income related to staff activity or business line.

The amounts are capped with maximum of 100% of fixed remuneration and are all subject to Management Committee for staff and Remuneration Committee for the Management Committee members and Managing directors.

This indirect and capped variable remuneration structure prevents conflict of interest for individuals.

7.3. Identification and management of (potential) Conflicts of Interest

The Bank requires that (potential) business be disclosed during the Management Committee at the earliest possible time and prior to signing a confidentiality letter or mandate; receiving any non-public information or making a commitment, verbal or written, to act for a Client. This is to assist in the identification and management of (potential) Conflicts of Interest by the Head of Department (with assistance of Compliance and Legal where deemed necessary).

In order for the Bank to be in a position to identify (potential) Conflicts of Interest, material transactions involving Clients, Relevant Persons or the Bank are logged internally during the Management Committee and analysed against existing Bank relationships and transactions.

7.4. Measures of Control for Identification and management of Conflicts of Interests

In managing a Conflict of Interest it may be appropriate to use additional measures in the event that these measures are not sufficient to adequately manage the (potential) Conflict of Interest, such as the following:

- Implementation of *ad hoc* transaction-specific Chinese Walls or other additional information segregation methods following consideration of all of the facts available to Authorized Management;
- Escalation to Authorized Management who have responsibility for the strategy of the Bank and an appreciation of the relationship and reputation risks that may arise;
- Declining to act.

7.5. Specific process handling Internal Fraud

Prevention is the most proactive fraud-fighting measure. The design and implementation of control activities should be a coordinated effort spearheaded by management with an assembled cast of employees. Collectively, this cross section of the organization should be able to address all of the identified risks, design and implement the control activities, and ensure that the techniques used are adequate to prevent fraud from occurring in accordance with the organization's risk tolerance.

The ongoing success of any fraud prevention program depends on its continuous communication and reinforcement. Stressing the existence of a fraud prevention program through a wide variety of media and communications.

Among the many elements in fraud prevention are HR procedures, but also Compliance, Operations authority limits, and transaction level procedures. The following controls are in place to mitigate the fraud risk:

- Performing Background Investigations
- Evaluating Performance and Compensation Programs
- Conducting Exit Interviews
- Anti-fraud Training
- Whistleblowing channels
- Internal Audit scope
- Internal limits for Global Markets and signature matrix for transactions function of amounts.

When and where an Internal Fraud is discovered, the following Fraud Investigation and Response Protocols apply

- Receiving the Allegation
- Evaluating the Allegation
- Conducting the investigation.

Due to limited Compliance resources and for efficiency purpose, the latter would be done by external Forensic Team including many of the following tasks:

1) Interviewing, including:

- a) Neutral third-party witnesses.
- b) Corroborative witnesses.
- c) Possible co-conspirators.
- d) The accused.

2) Evidence collection, including:

- a) Internal documents, such as
 - i) Personnel files.
 - ii) Internal phone records.
 - iii) Computer files and other electronic devices.
 - iv) E-mail.
 - v) Financial records.
 - vi) Security camera videos.
 - vii) Physical and IT system access records.
- b) External records, such as

- i) Public records.
- ii) Customer/vendor information.
- iii) Media reports.
- iv) Information held by third parties.
- v) Private detective reports.

3) Computer forensic examinations.

4) Evidence analysis, including:

- a) Review and categorization of information collected.
- b) Computer-assisted data analysis.
- c) Development and testing of hypotheses.

The investigation team would document and track the steps of the investigation, including:

- Items maintained as privileged or confidential.
- Requests for documents, electronic data, and other information.
- Memoranda of interviews conducted.
- Analysis of documents, data, and interviews and conclusions drawn.

EWUB will observe a strict zero tolerance for internal fraud and every suspected case will be thoroughly investigated and any confirmed misconduct will be sanctioned.

Corrective action would include one or more of the following:

- Criminal referral — EWUB may refer the case to law enforcement voluntarily, and, in some cases, it may be required to do so. Law enforcement has access to additional information and resources that may aid the case. Additionally, referrals for criminal prosecution may increase the deterrent effect of the organization's fraud prevention policy. An appropriate member of senior management, such as the Head of Legal, should be authorized to make the decision as to whether pursuing criminal prosecution is appropriate.
- Civil action — EWUB may wish to pursue its own civil action against the perpetrators to recover funds.
- Disciplinary action — internal disciplinary action may include termination, suspension (with or without pay), demotion, or warnings.

- Insurance claim — EWUB may be able to pursue an insurance claim for some or all of its losses.
- Extended investigation — conducting a root cause analysis and performing an extended investigation may identify similar misconduct elsewhere in the organization.
- Business process remediation — the organization may be able to re-engineer its business processes cost effectively to reduce or remove the opportunity for similar frauds in the future.
- Internal control remediation — the organization may wish to enhance certain internal controls to reduce the risk of similar frauds going undetected in the future.

7.6. Personal transactions

(a) Organisational Procedures

- Contracts of employment

All Contracts of employment signed between the Bank and its employees must include, as a mandatory requirement and irrespective of the position that the employee is to hold, the following clause, modified as the case might be, to be consistent with the context and the wording of the Contract of employment:

“I hereby undertake to know, follow and observe the Company’s Personal Account Trading rules, as amended from time to time, and I understand that any breach of this undertaking may lead, amongst other consequences, to the termination of the employment contract for gross misconduct”.

- Informing employees of their responsibilities, duties and obligations in relation to personal transactions and other important matters

It is important that all members of staff, irrespective of the position they hold or the function they perform, are aware of the restrictions imposed by the law in respect of personal transactions, the handling of conflicts of interest and inside information and anti-money laundering procedures.

As soon as a new person is employed, apart from any specific operations manuals that relate to the new employee’s position and duties, the said person receives a copy of the Anti-Money Laundering Manual and a copy of this manual.

All EWUB employees acknowledged receipt of the codes and procedures, and to have read and understood the codes and procedures and the assumption of personal responsibility to know and follow the rules and procedures contained in the said codes and procedures. The employment contracts clearly states that “The Employee shall be required to comply with the Employer’s rules, regulations and policies in force, as may be amended and completed from time to time.”

(b) Defining “Inside areas”

In addition to the general acknowledgement of responsibilities in relation to personal transactions and all the other matters covered by this policy, it is essential that relevant persons who are employed in departments that are likely to be exposed to inside information or where potential conflicts of interest exist to be subjected to more stringent prohibitions, disclosure and monitoring requirements.

“Inside areas” are defined as any department involved in the provision of Investment Services as defined in MiFID, namely:

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Dealing on own account;
4. Portfolio management
5. Investment advice (*currently not on offer by EWUB and not expected in near future as per PB strategy*);
6. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis (*currently not on offer by EWUB and not expected in near future as per PB strategy*);
7. Placing of financial instruments without a firm commitment basis (*currently not on offer by EWUB and not expected in near future as per PB strategy*).

This is mainly Private Banking and Global Market departments’ staff, and includes any supporting personnel employed by the said departments, such as secretaries; junior staff and assistant, who will also be subject to the augmented prohibitions, disclosure and monitoring requirements.

As part of the general monitoring performed, Compliance may suggest to the Board of Directors and Management the widening of the “inside areas”, to other staff members.

A Watch list of securities must be defined by PB and Global Markets for review and approval by Management. This list is updated on a monthly basis as a minimum and can be updated more frequently based on Bank’s activity, deals and trading.

(c) Setup of Personal Accounts subject to approval / Specific Trading Restrictions

Application for the setup of a Personal Account

Due to the reasons analysed hereabove, the persons falling within inside areas shall submit an application to management, prior to the setup of a Personal Account for themselves, persons who have a family relationship with the relevant persons and the accounts controlled by such persons.

HR recommended adding this responsibility in the employment contract:

“Any Employee working in a department or division considered by the Employer to be an inside area must submit a Personal Account Declaration Form for himself and all his relatives up to the 1st/2nd degree. This obligation shall also apply to any Employee whose family member, independent of the degree of relationship, is a Client of the Employer.”

In addition to the persons falling within inside areas, the same measure shall be applied for:

1. The Managing Director;
2. Chief Operation Officer;
3. Persons employed in the Compliance Department;
4. Persons employed in the Risk Management Department.

In the case of persons employed in the Global Market Department, the rationale behind the restriction is rather clear, since it would be relatively easy for such persons to front run, parallel run or contra run the Bank's proprietary book.

In the rest of cases, the restriction stems from the fact that the said persons exercise a control function, and as such, there would be a high risk of their impartiality being compromised if the restriction was not in place.

The application for the approval for the setup of a Personal Account is submitted to:

1. The Head of Department of the relevant person. If the applicant is the Managing Director, the application shall be examined by the Board of Directors, and a Member of the Board of Directors (other than the applicant) signs and dates the decision of the Board of Directors;
2. Compliance;
3. The Managing Director (subject to the conditions of point 1 of this section).

The application is submitted using the standardized “Personal Account Application Form”

Personal Account Application Form

Management has the right to:

1. Approve the application;
2. Reject the application;

3. Conditionally approve the application, in which case the conditions that are set are clearly outlined on the form. The said conditions are supplementary to the general conditions that apply for all Personal Accounts.

The decisions of management are notified to the applicant who then has to sign and date the application form containing management's decisions, as acknowledgement of the fact that the applicant is aware of the decisions that have been taken and any special conditions, where relevant, that are set for the applicant's Personal Account trading activity.

Specific Trading Restrictions

For the persons that are subject to augmented Personal Account trading controls, apart from the obligation to obtain Management's approval for the setup of Personal Accounts, the following conditions also pertain:

1. The Bank reserves the right to impose restrictions on employee trading and to cancel transactions retroactively. The Chief Compliance Officer may also question and challenge the execution of trades that come to his or her attention. Dealings in securities on the Watch list are therefore allowed in principle but may on a case by case basis be delayed, forbidden or cancelled;
2. The "gearing" of personal accounts is not allowed. Personal accounts should be financed from own funds and no credit limit or loans should be advanced to personal accounts.

(d) Ascertaining the accounts controlled by relevant persons and affiliated parties

Notwithstanding the augmented restrictions that apply for relevant persons employed in Inside Areas and persons assigned with important control functions, in respect of all employees, immediately upon joining the Bank must ascertain the relevant persons, persons who have a family relationship with the relevant persons and the accounts controlled by such persons, if any, are also covered in the personal declaration signed by the "Inside Areas" employees.

In addition, and notwithstanding the obligation of employees to notify the Bank in case they intent to setup a new personal account, all affected employees are asked to update the information that the Bank has on record in respect of their Personal Accounts once per year, as part of the annual review process.

(e) Qualitative Controls

Aiming to prevent relevant persons from using a disproportionate amount of their working time on Personal Account activity, we recognize that the controls in place

cannot warrant that any employee will not assign disproportionate time to his / her Personal Account trading activity (for example, by having lengthy discussions with his / her broker or using a substantial part of his / her time monitoring market activity), it is prudent to offer a dissuasive general warning to that effect.

IMPORTANT WARNING

NOTWITHSTANDING ANY CONTROLS THAT MAY APPLY OR ANY OTHER CONDITIONS THAT MAY APPLY TO ANY PARTICULAR RELEVANT PERSON, RELEVANT PERSONS SHALL NOT ASSIGN A DISPROPORTIONATE AMOUNT OF THEIR WORKING TIME TO PERSONAL ACCOUNT ACTIVITY.

ANY SUCH ACTION COULD LEAD TO SUMMARY DISMISSAL ON THE GROUNDS OF GROSS NEGLIGENCE OF DUTIES.

It is also not allowed to discuss Personal Account trading activity with clients or counterparties, on the grounds that this is unprofessional behaviour and could spell doubts in the minds of the clients and counterparties as to the ability of the Bank to control potential conflicts of interest or to serve their best interests.

In order to prevent such behaviour from occurring, a general and strict warning is issued:

PROHIBITION OF DISCUSSING PERSONAL ACCOUNT ACTIVITY WITH OTHER COLLEAGUES, CLIENTS OR COUNTERPARTIES

IT IS STRICTLY PROHIBITED TO DISCUSS YOUR PERSONAL ACCOUNT TRADING ACTIVITY WITH:

- A. OTHER EMPLOYEES**
- B. CLIENTS**
- C. COUNTERPARTIES**

ANY SUCH ACTION DISCOVERED WOULD BE CONSIDERED AS A BREACH TO CODE OF CONDUCT DISPOSITIONS ON INDEPENDENCE AND COULD LEAD TO SUMMARY DISMISSAL ON THE GROUNDS OF GROSS NEGLIGENCE OF DUTIES.

(f) Monitoring of Personal Account activity

Compliance's Role

Once a declaration form is communicated to Compliance, the activities of the EWUB Personal Accounts are monitored by the Compliance Function to ensure that there are no suspicious activities, the Bank's Personal Account trading rules are strictly upheld and especially, that there is no breach of the Restricted Entities.

In the case of Personal Accounts that are kept with other Financial Institution or Investment Firm (“Investment Firm”), negative confirmation or detail of transactions will be requested to be checked against the list of Restricted Entities to ensure that no breach occurred.

In case any breach is identified, it will be examined in more detail, and if there is valid ground of breach of applicable rules and regulations, the fact is escalated to the Head of Department and Managing Directors who decide on further actions.

8. Disclosure of Conflicts of Interest and Client Consent

As a financial services provider, EWUB engages in many activities that may conflict with the interests of its Clients. The Bank has procedures to protect the Client’s interests from conflicts that might arise from a firm’s own activities. In certain circumstances, if some Conflict of Interest remains and, where permissible by local regulations, disclosure to an affected Client may be made in order to seek Client consent to act. Disclosure will be made of the general nature and / or sources of conflict to enable the Client to make an informed decision.

Such disclosure is decided during Management Committee or at any time thereafter should the Authorized Management or Head of Department so decide after relevant consultation with Head of Department, and Compliance and Legal where deemed necessary.

Disclosure content and format is subject to validation from Authorized Management prior to release by relevant department.