

CONFLICTS OF INTEREST POLICY SUMMARY  
(IN RELATION TO THE PROVISION OF INVESTMENT SERVICES UNDER MIFID)

ICBC (Europe) S.A., Paris Branch

Purpose(s) of the Internal Rule
The purposes pursued under this policy summary (the “ <b>Policy Summary</b> ”) is to summarize the Conflicts of Interest Policy of the Paris Branch of ICBC (Europe) S.A. (“ <b>ICBC Paris</b> ” or the “ <b>Branch</b> ”) in relation to the provision of investment services under MiFID and disclose it to the Branch’s clients or prospects in compliance with MiFID-based obligations.
Summary of Content(s)
This policy summary sets out the main terms and features of the Branch’s Conflicts of Interest Policy which was established in relation to the provision of investment services under MiFID, thereby disclosing the principal measures put in place by the Branch to prevent and manage potential or effective conflicts of interest.

**This policy summary (the “Policy summary”) replaces and supersedes any previous or existing versions of a policy summary relating to the same object or substance which may have been established by the Branch. Such Policy summary takes effect immediately.**

## 1 Introduction

ICBC (Europe) S.A., Paris Branch (hereinafter “**ICBC Paris**” or the “**Branch**”), a regulated credit and financial institution under French law, is an investment services provider. When providing investment services to one or more of its clients, the Branch is likely to face potential or effective conflict of interest situations.

In compliance with the MiFID Framework, the Branch has established internal policies and procedures designed to:

- Identify all types of potential conflicts that could reasonably arise in the context of its activities;
- Maintain a register of all potential conflicts identified;
- Prevent or manage the occurrence of such conflicts on an ongoing basis; and
- Disclose such conflicts, where and if appropriate.

The present document (the “**Summary**”) aims to summarizing the main terms of its Conflict of Interest Policy which has been established by the Branch in relation to the provision of investment services under MiFID (the “**Conflict of Interest Policy**”). For the purposes of this Summary, the expression “**MiFID Framework**” or “**MiFID**” shall mean:

- Directive 2014/64/EU of the European Parliament and of the Council dated 15 May 2014 on markets in financial instruments (commonly referred to as “**MiFID II**”), as completed by Delegated Directive 2017/593 of the European Commission dated 7 April 2016 and by Delegated Regulation 2017/565 of the European Commission dated 25 April 2016;
- Regulation (EU) No 600/2014 of the European Parliament and of the Council dated 15 May 2014 on markets in financial instruments (commonly referred to as “**MiFIR**”), as completed by Delegated Regulation 2017/567 of the European Commission dated 18 May 2016;
- EU Commission’s Questions & Answers relating to MiFID and MiFIR (“**Q&A**”);
- Regulatory Technical Standards (“**RTS**”) and Implementing Technical Standards (“**ITS**”) of the European Commission, which supplement the Level 1 texts described above;
- ESMA’s guidance and positions relating to MiFID and MiFIR; as well as:
- The French Monetary & Financial Code (“*Code monétaire et financier*”) as well as the General Regulations (“*Règlement général*”) of the French Financial Markets Authority (“*Autorité des Marchés Financiers*”), which implement such requirements and obligations into French law.

## **2 Definition of conflicts of interest**

A Conflict of interest is a situation or an arrangement where the Branch and/or its employees are subject to multiple influences which could negatively affect the decision-making or results within the framework of the conduct of business. Failure to recognise and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, the Branch and its Employees or Senior Management members. The Branch has the legal and statutory obligation to identify and to manage conflicts of interests.

The conflicts can be:

- potential: the activities, the types of transactions or the predictable events which could give rise to a real conflict;
- actual: when a specific decision would be influenced by a conflict if it is not correctly managed; or
- perceived: where a conflict could appear to influence a process of decision-making, even if it is not the case.

Conflicts of interest can arise between:

- a client and another client
- the Branch and a client
- an employee and a client
- an employee and the Branch
- one part of the Branch and another part of the Branch (ICBC (Europe) S.A., Paris Branch against ICBC (Europe) S.A., Paris Branch) or
- the Branch and any other entity of the ICBC Group

## **3 General approach to conflicts management**

The Branch seeks to ensure that a conflict of interest does not adversely affect the interests of Clients, the Branch, its shareholders or other stakeholders through the identification, prevention or management of the conflict of interest.

The Branch may utilise a number of means (which may be used individually or in combination) to manage a conflict of interest including:

- Systems, controls, policies and procedures designed to prevent the conflict of interest arising or to mitigate the associated risk of damage;
- disclosure designed to inform the affected parties of the conflict of interest and its likely impact on them; or
- avoiding the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

## **4 Employee responsibilities**

In addition to the approach to conflicts' management, the Conflicts of Interest Policy also sets out below the behaviour standards that different levels of Employees and Senior Management members are required to meet when performing their roles at the Branch.

All Employees and Senior Management members are responsible for identifying and managing potential or effectively occurred conflicts of interest on an ongoing basis. Senior Management members are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at the Branch. The General Management of the Branch assesses, based on the Compliance function's reporting, whether the standard and/or additional measures identified in relation to the most significant instances are sufficient to mitigate the risk of damaging the interests of the Branch's clients. If not, the General Management proposes further measures or orders staff to refrain from executing the transaction that has generated the conflict.

## **5 Measures to identify, prevent and manage conflicts of interest**

The Branch maintains a Conflicts of Interest Register, which is a register of the types of conflicts of interest entailing a material risk of damage to the interests of one or more Clients that have arisen or may potentially arise, in relation to regulated services or activities. Additionally, the Conflicts of Interest Register identifies and records structural or business practice conflicts of interest that can arise due to the multi-services nature of the Branch's services and operations. The Conflicts of Interest Register is maintained by the Compliance function of the Legal & Compliance Department of the Branch, and updated with the inputs of each departments of the Branch.

The information contained within the Branch's Conflicts of Interest Register facilitates the effective identification, escalation and management of potential conflicts of interest and provides a basis for the training of Employees.

Other measures to identify, prevent and manage conflicts of interest include but are not limited to: segregation of functions, information barriers, product governance, inducement control, pre-clearance of employee trading, and escalation.

## **6 Disclosure and Client consent**

While the Branch has procedures to prevent or manage conflicts of interest, in certain circumstances those arrangements may not be sufficient to protect a Client's interest from material damage and the Client must be made aware, or alternatively the Branch may decide in the particular circumstances, that the Client should be made aware of a potential for a conflict of interest and the arrangements that will be put place to manage the conflict. Where permissible under rules and appropriate, disclosure to an affected Client may be made to inform the Client of the arrangements or to specifically seek Client consent to act.

Where it applies, MiFID does not permit disclosure of a conflict of interest to a Client as the sole means of managing the conflict of interest except as a measure of last resort. Such disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail to enable the Client to make an informed decision as to whether to accept the provision of the relevant service. The disclosure must state that it is being provided to the Client because the Branch's organisational and administrative arrangements established to prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the Client will be prevented. The disclosure should take into consideration the nature of the Client and include a specific description of the conflict of interest that has arisen in connection with the proposed service. The disclosure must include an explanation as to the general nature and source of the conflict of interest, the risks to the Client that arise as a result of the conflict of interest and a description of the steps undertaken to mitigate these risks. The disclosure will be made in a durable medium such as mails, faxes, and emails.

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For the purposes of this Summary, the following capitalized terms shall each have the meaning or definition ascribed to them as set out below:

**Business Divisions or Business Departments or Front Office Departments:** all front office divisions within the Branch, namely the Corporate & Investment Banking Department; the Financial Markets Department; and the Banking Department.

**Client:** means any of the following:

- a) an existing client of the Branch;
- b) a potential client of the Branch (where the Branch is seeking to enter into a relationship with the potential client in respect of services or transactions); or
- c) a past client where fiduciary or other duties remain in place.

**Employee:** any of the following:

- a) a permanent or temporary employee of the Branch, whatever such employee's relevant status or position;
- b) a Board Member, whether or not an employee of the Branch; or
- c) a natural person employed by the Branch as a contractor.

**Infrastructure Functions:** the following infrastructure-related or supporting functions within the Branch: Finance & Accounting Department ("FAD"); Permanent Control Department ("PCD"), Human Resources ("General Administration Department"); IT Department ("ITD"); Legal & Compliance Department ("LCD"), and Risk Management Department ("RMD") in addition to the Group's Audit Department.

**Senior Management:** those Employees or management members who are responsible for the day to day running or management of individual Business Divisions and Infrastructure Functions of the Branch.