ARROW ENERGY MARKETS (UK) LIMITED

CONFLICTS OF INTEREST POLICY

Content

1 Introduction

Principle for Business PRIN 8 (Conflicts of interest) requires Arrow Energy Markets (UK) Limited (‘**AEM**’ or the ‘**Firm**’) to pay due regards to the interest of each client and to manage any conflicts of interest fairly, both between the Firm and its clients and between one client and another. This policy sets out the arrangements that AEM has put in place in order to identify, manage and prevent any potential, actual or perceived conflicts of interest.

2 Identification of conflicts of interest

For the purpose of identifying types of conflicts of interest that may arise during the course of business, AEM will consider whether the Firm or any of its staff members:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- has an interest in the outcome of a service or transaction provided to a client which is distinct from and inconsistent with the client’s interest in that outcome;
- has a financial, or other incentive, to favour the interest of one client, or group of clients, over the interests of another client;
- carries on the same business as the client;
- receives, or will receive, from a person other than the client, an inducement relating to a service provided to the client, in the form of monetary or non-monetary benefits or services; and
- has a personal interest in a client or business activity beyond normal remuneration.

A non-exhaustive list of circumstances and activities that may give rise to a conflict of interest in the course of AEM providing services to its clients include:

- AEM staff member having outside business interest or being associated with a client, supplier or potential counterparty;
- Provision of services to one client in support of activities that are not in the best interest of another client;
- AEM staff engaging in personal account dealing that may pose a conflict of interest to the Firm and/or its clients;
- AEM staff receiving gifts and entertainment that may influence their behaviour in a way that could pose a conflict of interest with its clients.

3 Recording conflicts

AEM will maintain a Conflicts of Interest Register (see Annex 1) to record any potential, actual or perceived conflict of interest that has been identified in the normal course of business.
Any request to add to the register should be sent to the Compliance Officer at compliance@aemarkets.com.

4 Managing conflicts

AEM maintains organisational, procedural and administrative arrangements and controls to identify and manage conflicts, as outlined below:

- Structural segregation: AEM maintain segregation of duties at both an operational level and in relation to functional reporting lines to ensure the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. The Firm also maintains a 'Three Lines of Defence' model to ensure performance of independent risk management functions;
- Information barriers: AEM has established electronic barriers which are designed to control the flow of information within the Firm and to manage conflicts of interest;
- Remuneration: AEM has established a Remuneration Policy to ensure that its compensation arrangements will not give rise to conflicts;
- Personal Account dealing: To prevent conflicts arising from the misuse of client information, the Firm maintains a Personal Account Dealing Policy that sets out conditions under which its staff may engage in investment activity for their own account;
- Gift and Hospitality: AEM and its employees do not give or receive gifts or hospitality which would, or could appear to, influence business decisions or client outcomes. AEM's Gifts and Entertainment Policy sets out further detail;
- Outside Business Interests (OBI): all employees must disclose OBI that create an actual, potential or perceived conflict such as directorships of other companies. See section 7 for more details; and
- Best Execution: AEM has put in place an Order Execution Policy that sets out all sufficient steps the Firm is taking to obtain best possible results when executing orders for clients.

5 Disclosure of conflicts

If arrangements made by AEM to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interest of a client will be prevented, AEM will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client. Any such disclosure will be as a last resort, as AEM is expected to have effective organisational and administrative arrangements in place to prevent or manage conflicts. AEM will not make a disclosure before the Firm has properly considered how it can reasonably manage a conflict to reduce the potential damage to the client's interests.

AEM will ensure disclosures are:

- durable such that the record can be drawn upon at a later date;
- timely such that it is disclosure before any conflicted activity occurs;
- prominent so that disclosure is clear and easily understood;
- specific enough to ensure the disclosure recipient is able to make an informed decision, but should not include details that breach privacy or confidentiality of any client; and
- meaningful with sufficient detail for the client to understand the potential impact or risks of the conflicts and steps undertaken by the Firm to mitigate these risks

The disclosure must be signed off by the Compliance Officer before being issued.

6 Avoiding conflicts

Where a conflict cannot be managed effectively using other means, the situation giving rise to conflict will be avoided.

7 Outside Business Interests

Employees are required to disclose, in writing, and receive written approval from a director for any outside business activities prior to engaging in such activity. An outside business is a third party business which is not that of AEM or the Arrow Shipbroking Group.

In situations where employees have held outside business interests prior to the commencement of their employment with the Firm, such outside business interests must be disclosed as soon as possible upon joining the Firm. Charitable activities are not necessarily included in this requirement unless the employee is being compensated for such work or unless the activity is an investment-related activity or unless such commitment is to be undertaken in working hours or otherwise affect the performance or duties of the employee.

Outside business activities that must be disclosed and approved may include a wide range of activities, including but not limited to the following:

- Employment with an outside entity;
- Acting as an independent contractor to an outside party;
- Serving as an officer, director, or partner of an outside entity;
- Acting as a finder or agent;
- Being s shareholder or investor in an outside entity;
- Referring someone to another entity and receiving a referral fee; and
- Receiving any other compensation for services rendered outside the scope of employment with the Firm.

The Firm maintains a register of Outside Business Interests which will be reviewed periodically for conflicts management purposes.

Annex 1 – Conflicts of Interest Register

Ref No.	Category	Conflict Description	Conflict Owner	Mitigating Controls	Is mitigating action sufficient to manage conflict (Y/N)	Disclosure required? (Y/N)	Conflict approved (Y/N)	Date for Review of mitigating action