

# GLOBAL CONFLICTS OF INTEREST POLICY

April 2019

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Version control			
Date	Version Number	Changes	Author
March 2015	-	Revised UK policy issued - Multiple changes incorporated	
May 2016	V 0.1	Global policy reviewed – applicable to all AIHL subsidiaries and other relevant Aviva Investors entities	Central Compliance
September 2016	V 0.3	Further revisions to policy draft	David Young
29 September 2016	V 0.4	Final draft following internal consultation	David Young
30 September 2016	V0.5	Final draft for approval by RMC	David Young
January 2018	V0.6	Revision to ensure consistency with Aviva Group Conflicts of Interest Policy, and compliance with new SYSC 10.1 (updated to reflect MiFID II)	Vanessa Field/Andrew Fowler Global Compliance Advisory
February 2018	V1.0	Further minor revisions to incorporate requested revisions from the PAG.	Vanessa Field/Andrew Fowler Global Compliance Advisory
March 2018	V1.1	Update definition of Employees to reflect Global Standard	Vanessa Field Global Compliance Advisory
April 2019	V2	Annual review and alignment to new reporting and recording process	Vanessa Field Global Compliance Advisory

Next Review Due Date
April 2020

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<b>POLICY OWNER:</b>	<b>CHIEF RISK OFFICER</b>	<b>POLICY REVIEW FREQUENCY:</b>	<b>ANNUALLY</b>
<b>EFFECTIVE DATE OF CURRENT VERSION:</b>	<b>April 2019</b>	<b>COMMITTEE RESPONSIBLE FOR REVIEWING THE POLICY:</b>	<b>Policy Approval Group and AIHL Board Risk Committee</b>
<b>SCOPE:</b>	<p>This Policy is mandatory and applies to employees, long term contractors and temporary staff of Aviva Investors globally across all business units.</p> <p>“Employee” means all employees, directors and officers of Aviva Investors Holdings Limited (“AIHL”), Aviva Investors France (“AIF”), Aviva Investors Real Estate France (“AIREF”) and their subsidiaries (collectively, the “AI Entities”); contractors and temporary staff who are engaged to work under the supervision, direction or control of an AI Entity and such other persons as are determined by the Global Head of Compliance or an Accountable Executive (and notified in writing) as being within the scope of this Policy. The Policy will also apply to persons employed by Aviva Employment Services Limited who are wholly or mainly engaged on Aviva Investors’ business activities.</p> <p><b>The AI Entities and their subsidiaries are referred to in this policy as “AI”.</b></p> <p>Certain obligations under this Policy also extend to “Connected Persons”. In relation to an Employee, <b>Connected Person means:</b></p> <ul style="list-style-type: none"> <li>– The Employee’s spouse, civil partner or any partner considered as equivalent to a spouse (e.g. enduring co-habitee);</li> <li>– Family members (including children and step-children or children/step-children of partner) living in the same household and direct relatives who are financially dependent on the Employee;</li> <li>– Any other members of the Employee’s household or family for which the Employee exercises control or substantial influence; and</li> <li>– Any other person who has close links with an Employee (e.g. a business partner) and over whom the Employee exercises control or influence.</li> </ul>		
<b>PURPOSE:</b>	<p><b>Purpose</b></p> <p>In the course of carrying out its day to day activities, AI and its employees may encounter conflicts of interest (whether perceived or actual) between the interests of itself and its clients or between one client (or group of clients) and another.</p> <p>Consistent with the AI culture, Risk Appetite Statements approved by the AI Board and regulatory requirements, this Policy sets out the global principles and standards applied by AI to identify manage and record conflicts of interest.</p>		

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	<p><b>Culture</b></p> <p>Senior management has embedded a culture to ensure that Employees must:</p> <ul style="list-style-type: none"> <li>- Always act in the best interest of its Clients and put Clients’ interests ahead of its own, and</li> <li>- Treat all its Clients fairly.</li> </ul> <p><b>Appetite for Risk</b></p> <p>AI has zero tolerance towards reputational risk. It strives to conduct its business and activities in a manner which is consistent with the highest standards of professionalism, fairness, ethics and integrity and has no appetite for activities that are illegal or could undermine the trust of its internal and external stakeholders, clients and regulators.</p>
<p><b>REGULATORY BASIS:</b></p>	<p>Principle 8 of the FCA Principles for Business requires a firm to manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.</p> <p>Statement of Principle 6 for Business requires a firm to pay due regard to the interests of its customers and treat them fairly.</p> <p>SYSC 10 of the FCA Handbook of Rules and Guidance (the “FCA Rules”) sets out requirements for firms to have systems and controls to identify, record, manage and disclose Conflicts of Interest. To the extent a conflict cannot be prevented or appropriately managed, mandatory disclosure must be provided to the client.</p> <p>Outside of the UK, local AI Entities shall ensure that their policies and procedures are consistent with the applicable laws and regulations relating to conflicts of interest.</p>
<p><b>RISK / IMPACT:</b></p>	<p>AI has regulatory and legal obligations to maintain effective arrangements for the identification and management of Conflicts of Interest. Failure to adhere to this Policy can result in significant detriment to AI’s clients, and financial loss, significant reputational, regulatory or litigation risk for AI and/or for individual Employees.</p>
<p><b>SUMMARY OF CONTROLS:</b></p>	<ul style="list-style-type: none"> <li>- .</li> <li>- Local AI Entities shall develop and publish procedures consistent with this Policy requiring Employees to identify mitigate and report Conflicts of Interest.</li> <li>- All Employees are required to identify and report any Conflicts of Interest to management and Local Compliance in accordance with approved Conflicts of Interest procedures and to attest periodically, as required, that they have disclosed all applicable Conflicts of Interest.</li> <li>- Each member and standing attendee of the AI Executive Committee (for the purposes of this Policy, the “Accountable Executive” in relation to his or her business units and areas of responsibility) is responsible for ensuring this Policy is embedded in their business areas and maintaining appropriate measures to ensure compliance with its requirements. Violation of this Policy must be escalated to Local Compliance and will be reported to Senior Management.</li> <li>- A Conflicts of Interest Register is held and maintained by each Local Compliance</li> </ul>

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function in relation to Conflicts of Interest arising in each AI Entity and location for which it is has responsibility for compliance oversight..

- Management reviews all of the Conflicts of Interest in their respective business areas at least annually (subject to independent review and challenge by Compliance) and formally attest as to the completeness of their review.
- Local Compliance conducts second line monitoring of Conflicts of Interest in accordance with an annual compliance monitoring plan.
- The Risk Management Committee formally oversees the measures in place to identify and manage Conflicts of Interest at a global level. The role of local oversight is undertaken by the relevant local risk/compliance committee and/or compliance personnel.

## 1. INTRODUCTION

In its capacity as portfolio manager and fund manager, AI acts as trusted agent for its clients (including potential clients) (each, a “Client”) making investment decisions on their behalf and providing other asset management services. Confidence in the integrity of AI and its Employees when acting on behalf of its clients is central to the relationship of trust not only between AI and its Clients, but also between the financial services industry and other key stakeholders.

In the course of carrying out its day to day activities, Conflicts of Interest may arise (whether actual or perceived) between the interests of AI and its Clients, or between Employees and Clients or between the interests of one Client (or group of Clients) and other Clients.

AI must identify and manage Conflicts of Interest fairly and must maintain and operate effective organisational and administrative arrangements to identify and manage Conflicts of Interest fairly. Failure to do so can result in significant detriment to Clients and financial loss, reputational, regulatory or litigation risks for AI and/or Employees.

This Policy describes the arrangements established by AI to identify report and manage Conflicts of Interest.

**AI will take disciplinary action (up to and including termination of employment or other contractual arrangements) against Employees failing to adhere to the requirements of this Policy or any approved procedures relating to its implementation. Where appropriate, Employees’ conduct may also be referred to law enforcement agencies and/or regulators.**

## 2. MEANING OF CONFLICT OF INTEREST

A Conflict of Interest is any situation in which a person (individual or corporate) has commercial, professional or personal interests which compete with those of another person. Where a person holds a position of trust in relation to another, such as AI holds in relation to its clients, such competing interests can make it difficult to fulfil its/his/her duties impartially. A Conflict of Interest may exist even if no gain, or unethical or improper act results from it.

In this Policy "Conflict of Interest" means any actual or potential conflict of interest which may arise between:

- AI, its affiliates (or a collective investment scheme operated by AI) and a Client;
- An Employee (or their Connected Persons), and a Client;
- An Employee (or their Connected Persons) and AI;
- A Client and another AI Client or group of Clients; One AI Entity (or business area) and either another AI Entity (or business area) or an entity (or business area) of the Aviva Group.

## 3. IDENTIFYING TYPES OF CONFLICTS OF INTEREST

For the purpose of identifying actual or potential Conflicts of Interest, appropriate consideration must be given to all relevant circumstances including the following (non-exhaustive) matters:

- Whether the circumstances may result in an unfair advantage, a financial gain, or avoid a financial loss, at the expense of a Client;
- Whether there is a financial or other interest in the outcome of a service provided or offered 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;
- Whether there is an incentive to favour the interest of a Client or group of Clients over the interests of another Client or group of Clients;
- Whether a person connected with the circumstances carries on, or is connected with, the same business as the Client;
- Whether an AI Entity acting as a management company of a collective investment scheme carries on the same activities for another Client or group of Clients;
- Whether any person 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.

Identification of an actual or potential Conflict of Interests is the responsibility of the Employee concerned, who may refer to, but not rely upon the list of types of circumstances set out in Appendix 1 or other guidance issued by Local Compliance from time to time.

## 4. MANAGING CONFLICTS OF INTEREST

### Principle

In addressing any circumstances in which an actual or potential Conflict of Interest may arise, AI shall, and its Employees and Accountable Executives shall, ensure that in providing any service or managing a product for a Client it:

- always acts in the best interest of its Clients and puts Clients' interests ahead of its own or those of

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- Employees, and;
- treats all its Clients fairly.

## Managing Conflicts of Interest

- AI shall operate and maintain effective organisational and administrative arrangements with a view to taking all reasonable steps to manage Conflicts of Interest directly or indirectly giving rise to a risk of damage to the interests of Clients.
- Appendix 1 summarises certain generic types of conflicts of interest in relation to which AI has put specific policies and/or approved procedures in place. Those controls are designed to ensure that robust processes are in place to reduce the possibility of a material risk of damage to the interests of Clients and compliance with those policies and/or procedures will be treated as compliance with this Policy.
- Any other Conflict of Interest must be identified, mitigated, managed and reported in accordance with this Policy.

## Most effective measures to manage conflicts of interest

- In determining appropriate measures to manage any Conflict of Interest, AI must identify and apply the most effective means available, having regard to all the circumstances, to mitigate the risks arising from that Conflict of Interest, including avoidance of a conflict (see below).

## Disclosure of Conflicts of Interest

- In circumstances where actions taken to mitigate a Conflict of Interest still gives rise to a residual risk of damage to the interests of a Client, but it is still deemed appropriate to continue to act for the Client in accordance with the Principle set out above, AI must clearly disclose the general nature and/or sources of Conflict of Interest to the Client prior to undertaking business (for example in the client IMA or fund disclosure documents), or any further business, for the Client, and the steps taken by AI to minimise those risks.
- The disclosure must
  - include specific description of the conflicts of interest that arise in the provision of the service to the Client, and the risk that could arise as a result of the conflict;
  - be made in durable medium, and must expressly state that the organisational and administrative arrangements established by AI to manage the conflict are not sufficient to ensure that the risks of damage to the interests of the client will be prevented; and
  - include sufficient detail, taking into account the nature and circumstances of the Client, to enable that Client to make an informed decision regarding the service in the context of which the Conflict of Interest arises.
- All such cases should be brought to the attention of and approved by the Accountable Executive for the relevant business area prior to taking action and the nature of the Conflict of Interest, the mitigating actions taken and the disclosure of the Conflict of Interest must be reported to Local Compliance and recorded in the Local Conflict of Interest Register.



## Inability to effectively address a conflict

- Where it is determined that AI is unable to identify or implement measures to mitigate a Conflict of Interest which may give rise to a risk of damage to the interests of a Client or Clients, AI must take appropriate action **to avoid** the Conflict of Interest, including, where appropriate, declining to act for a particular Client.

## 5. ROLES AND RESPONSIBILITIES

### Employees

Each Employee must:

- Comply with all elements of this Policy, and understand how it applies to their specific job functions and/or responsibilities;
- Take all reasonable steps to identify any actual or potential Conflict of Interest that relate to them personally, or which are referable to their job functions and/or responsibilities, and to report them to their line manager and to their Local Compliance function in accordance with approved procedures for identifying and reporting Conflicts of Interest;
- Assess (in consultation with Local Compliance) the materiality of any actual or potential Conflict of Interest in accordance with Appendix 2
- Periodically attest that they have disclosed (and that the Conflict of Interest register reflects) all applicable Conflicts of Interest;
- Report any actual or apparent violation of this Policy to Compliance, whether or not the matter is related to their specific business unit or job function to relevant line management and Local Compliance function.

### Accountable Executives

In addition to complying with this Policy as an Employee, each Accountable Executive is responsible for embedding this Policy in their business areas and, in particular, for:

- Ensuring that all Employees within their Business Function understand the requirements of this Policy;
- Identifying and promptly addressing any actual or potential Conflict of Interest within their business areas, working with Local Compliance to ensure appropriate measures are in place to sufficiently manage, mitigate or avoid any such Conflict of Interest in accordance with this Policy;
- Ensuring that (1) the Conflict of Interest register represents a complete, current, and accurate record for their business area and (2) that appropriate records relating to the operational management of such conflicts are maintained;
- Identifying any actual or potential violations of this Policy within their business area, taking all appropriate actions in accordance with the Risk Event Management Process, including escalation to Compliance.

### Local Compliance Functions

The Compliance Officers of the local AI Entities are responsible for the following, in relation to the AI businesses over which it has compliance oversight:

- Causing this Policy to be published in an appropriate manner so that it is accessible to all Employees in their local AI Entities;

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- Maintaining approved procedures for the reporting and management of Conflicts of Interest and ensuring that appropriate records are maintained in accordance with this Policy;
- Maintaining a local Conflicts of Interest Register for their local AI Entities consistent with the requirements of the Compliance Central System;
- ;
- Monitoring and reporting on implementation of, and compliance with this Policy, including reporting on and tracking resolution of any material breaches of this Policy;
- Advising on and, where appropriate, approving exceptions to this Policy.

Compliance Officers of the local AI Entities may from time to time issue such guidance as they consider appropriate to assist Employees and Accountable Executives in complying with this Policy and associated procedures, provided always that such guidance shall be subordinate to and consistent with this Policy.

## Central Compliance

The Central Compliance Function in Global Compliance (“Central Compliance”) is responsible for:

- Performing the Local Compliance responsibilities for the UK regulated entities and their overseas branches;
- Ensuring that all Material Conflicts of Interest (being those Conflicts which are classified as either High or Very High Risk, in accordance with the ratings in Appendix 2) across the firm’s global business are reported to the Global Compliance Officer for submission to the Risk Management Committee and relevant AIHL Board Committees.

## 6. MANAGEMENT INFORMATION

Each Head of Local Compliance functions must provide relevant timely and accurate reporting relating to Conflicts of Interest to the Chief Compliance officer and local Risk Committees at such frequency and containing such information as shall be agreed from time to time with the Chairman of each such Committee including, without limitation, breaches of this Policy and any Conflicts of Interest that, in the opinion of Local Compliance, give rise to particular cause for concern.

The Chief Compliance Officer shall provide relevant, timely and accurate reporting of such matters to the AI Risk Management Committee and to the Board Risk Committees.

## 7. TRAINING AND AWARENESS

Obligations under this Policy are communicated to staff through compliance induction training, a combination of computer-based and face-to-face training and through access to this Policy, related procedures and any guidance issued by local Compliance Officers. The objectives and high level requirements of this Policy are also reflected in the Aviva Investors Global Ethical Conduct Code (or local AI equivalents), which all Employees are required to attest to on an annual basis.

## 8. RECORD KEEPING

All records relating to this Policy must be retained for a minimum of 5 years. Local AI Entities shall issue procedures detailing the maintenance of records. As a minimum, these procedures will be compliant with local regulatory requirements and will require that:

- The Local Conflicts of Interest Register must be maintained by Local Compliance using the System.

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- Accountable Executives ensure that records in relation to Conflicts of Interest are maintained on the system for their relevant business areas, including evidence to support mitigating controls and (where required) disclosures to client, in each case, to demonstrate compliance with all elements of this Policy.

## 9. CONTACT INFORMATION

For any questions in relation to this Policy, please contact a member of the relevant Local Compliance team by emailing:

- UK (overseas branches & AI Schweiz) - [conflictinterest@avivainvestors.com](mailto:conflictinterest@avivainvestors.com)
- USA/Canada - [jamie.shields@avivainvestors.com](mailto:jamie.shields@avivainvestors.com)
- France – [conformite.controleinterne@avivainvestors.com](mailto:conformite.controleinterne@avivainvestors.com)
- Aviva Investors Real Estate France: [ellen.zwillinghombreux@aviva.com](mailto:ellen.zwillinghombreux@aviva.com)
- Poland - [Magdalena.Szymanowska@avivainvestors.com](mailto:Magdalena.Szymanowska@avivainvestors.com)
- Luxembourg/Switzerland - [mark.flaherty@avivainvestors.com](mailto:mark.flaherty@avivainvestors.com)
- Singapore - [anthony.lim@avivainvestors.com](mailto:anthony.lim@avivainvestors.com)

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## APPENDIX 1 – OPERATIONAL CONFLICTS OF INTEREST

This Appendix identifies certain generic Conflicts of Interest for Aviva Investors arising from the normal operation of its business and for which approved policies and/or procedures are in place to manage the risks arising from them.

CATEGORY:	CONFLICT OF INTEREST:	CONTROLS:
<b>Personal Account Dealing by Employees (PA dealing)</b>	Employees who are involved in the investment decision making process for Clients or who have access to trade information may have conflicting personal interests in investments held in one or more fund or account that they (or persons connected with them) hold themselves.	<ul style="list-style-type: none"> <li>– PA Dealing Policy and approved procedures.</li> </ul>
<b>Receipt &amp; offer of Gifts / Inducements</b>	The giving/receiving by Employees of gifts, hospitality or other benefits may constitute (or appear to constitute) a material inducement. Additionally, inappropriate payments made by Aviva Investors to or received from other firms for the introduction/retention of business could act to the disadvantage of one or more Clients.	<ul style="list-style-type: none"> <li>– Gifts &amp; Hospitality Policy and approved procedures.</li> </ul>
<b>Flow and use of price sensitive, inside information</b>	Employees who have acquired information about a security that is not publicly available and which, if it were made public, would have a material impact on the price of that security could use or disclose such information to obtain a financial gain or avoid a loss for themselves, AI or other persons.	<ul style="list-style-type: none"> <li>– Business Control of Information Policies</li> <li>– Stop List process, where an employee acquires (or believes they have acquired) inside information about a security or its issuer.</li> <li>– A security from the Stop List is only removed when the information ceases to be price sensitive or is made publically available.</li> </ul>
<b>Trade Errors</b>	Where AI makes an error whilst trading (for example a breach of a Client investment restriction), Aviva Investors may not promptly rectify the error and compensate the Client appropriately, or may inappropriately allocate the cost of the error, to avoid a financial loss.	<ul style="list-style-type: none"> <li>– Risk Events, Errors and Breaches Policy and approved procedures.</li> </ul>
<b>Outside Business Activity/Interests</b>	<p>Employees who hold a similar position with another firm or conduct activities separate to AI, which are either similar to those activities they perform on behalf of AI or could directly or indirectly impact AI in anyway (“Outside Business Activity/Interests”), carries the potential for:</p> <ol style="list-style-type: none"> <li>such Employees being capable of using their position and information obtained from either firm to obtain financial gain or avoid a loss;</li> <li>Conflicts of interest (actual or perceived) arising in respect of those activities performed which could lead to either regulatory or reputational risks.</li> </ol> <p>Such activities/interests could include (although not exclusive):</p> <ul style="list-style-type: none"> <li>- Any Directorship/role within an organization that competes with the</li> </ul>	<ul style="list-style-type: none"> <li>– Procedures for disclosing and approval of Outside Business Activities/Interests for new and existing Employees.</li> <li>– A Register of all such approvals given to Employees is maintained in the System.</li> </ul>

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CATEGORY:	CONFLICT OF INTEREST:	CONTROLS:
	<p>Company;</p> <ul style="list-style-type: none"> <li>- Any Directorship/role with the organisation of a Client or connected with a Client;</li> <li>- Any Directorship/role or financial interest in a trade counterparty;</li> <li>- Any other Directorship/role that impacts the Employee's ability to perform their role (e.g. takes up an unreasonable amount of time);</li> <li>- An investment manager operating a personal investment blog covering proposed investment ideas etc.</li> <li>- A political position</li> </ul> <p>For avoidance of doubt, references to Directorships include Non-Executive Directorships, as well as External Directorships as an Aviva appointee</p>	
<b>Client Conflicts</b>		
<b>As between Aviva Group clients and external clients</b>	<p>In undertaking business for its external Clients, AI's dealings or other arrangements with Clients that are members of the Aviva Group present a risk for AI to impart information to the Group client not available to the external Client, or otherwise treat Group Clients more favourably, to the disadvantage of external Clients<sup>1</sup>.</p>	<ul style="list-style-type: none"> <li>- Policies for the Control of Information, so as to ensure Aviva Group clients do not possess information not available to external Clients.</li> <li>- Services are provided to Group Clients on an arms-length terms basis and in accordance with the same policies and procedures as apply to all other Clients.</li> </ul>
<b>As between external AI clients</b>	<p>In undertaking business for an external Client, AI's dealings or other arrangements with other external Clients present a risk of conflict. Examples may include:</p> <ul style="list-style-type: none"> <li>- where information available at AI in relation to one client, would potentially benefit another;</li> <li>- where an AI entity is acting in respect of two clients party to the same transaction<sup>2</sup>;</li> <li>- where the demand for an investment opportunity which AI can facilitate exceeds what it can make available</li> </ul>	<ul style="list-style-type: none"> <li>- Policies for the Control of Information.</li> <li>- AIRA Related Party Transactions Policy<sup>3</sup>.</li> <li>- AIRA Fair Allocation Policy</li> </ul>
<b>Complaints handling / investigation</b>	<p>Employees investigating Client complaints may be conflicted, compromising the independence of the investigation to the possible detriment of the Client.</p>	<ul style="list-style-type: none"> <li>- Complaint handling procedures require all complaints to be recorded and monitored centrally by Compliance and investigated by a competent employee not directly involved in the matter which is the subject of the complaint.</li> </ul>
<b>Cross Trades</b>	<p>The processes involved in the execution of trades, allocation of securities forming part of a trade and cross trades could result in unfair trade execution or allocation across Client accounts and trades being executed</p>	<ul style="list-style-type: none"> <li>- Policies and approved procedures for the management and oversight of Cross Trades.</li> </ul>

<sup>1</sup> Where existing Policies and Procedures are not sufficient to manage this conflict, instances of potential conflict should be reported.

<sup>2</sup> Conflicts as between different clients of Aviva Investors Real Assets should be reported pursuant to the Policy. Examples include where Trees are established in relation to prospective clients in relation to prospective lending arrangements, and where clients hold competing interests in an asset managed by AIRA.

<sup>3</sup> Instances of AIRA Related Party Transactions should be reported.

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CATEGORY:	CONFLICT OF INTEREST:	CONTROLS:
<b>Allocation</b>	<p>in a priority that favours one or more Client to the disadvantage of other Clients.</p> <p>Where AI is the discretionary portfolio manager for more than one Client or fund, in particular, in respect of issues relating to allocation, including any "side by side" management where the same portfolio manager is responsible for more than one portfolio.</p> <p>This is particularly relevant in AIRA where there are insufficient opportunities. Also, where fee levels differ between clients – the incentive being to prioritise clients paying higher fees.</p>	<ul style="list-style-type: none"><li>– Global Order Aggregation &amp; Allocation Policy and approved procedures together with restrictions enforced by the order management system.</li><li>– AIRA Fair Allocation Policy and supporting governance process.</li></ul>
<b>Remuneration</b>	<p>The remuneration structure may incentivise / encourage employees to take an inappropriate level of risk or take actions that are not in the best interests of all Clients.</p>	<ul style="list-style-type: none"><li>– Remuneration Policy and approved procedures and Pillar 3 required remuneration disclosures.</li><li>– The IFPRU Remuneration Code, whereby payment of variable remuneration is paid over a three-year period, and a proportion is paid in stock.</li></ul>
<b>Voting rights</b>	<p>AI exercise of voting rights in stocks in a manner which is not, or does not have the appearance of being, in the best interest of Clients.</p>	<ul style="list-style-type: none"><li>– Corporate Governance and Corporate Responsibility Voting Policy.</li><li>– Stewardship and Responsible Investment Policy.</li></ul>

## APPENDIX 2 – RISK RATINGS

Guidance Factors Used to Determine Materiality	
<b>Very High</b>	<ul style="list-style-type: none"> <li>▪ Very High customer detriment as the issue is likely to impact a very large number of customers or a smaller number of customers in a big way, and could result in severe regulatory/legal action; and/or</li> <li>▪ Systemic failure of controls or processes resulting in breaches of legal and/or regulatory rules/principles and/or Group policies/standards which could result in severe regulatory/legal action;</li> <li>▪ Remedial actions are required as a matter of urgency.</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>▪ High customer detriment impacting a large number of customers or a smaller number of customers in an unacceptable way, and could result in strong regulatory/legal action; and/or</li> <li>▪ Major breakdown in controls or processes resulting in a breaches of legal and/or regulatory rules/principles and/or Group policies/standards, which could result in strong regulatory/legal action; and</li> <li>▪ Remedial actions are required as a high priority.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>▪ Medium customer detriment impacting a significant number of customers or a small number of customers in an inappropriate way, and could result in regulatory/legal action; and/or</li> <li>▪ Breakdown in controls or processes resulting in breaches of legal and/or regulatory rules/principles and/or Group policies/standards which could result in regulatory/legal action; and</li> <li>▪ Remedial actions are required as a priority.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>▪ Low customer detriment impacting a small number of customers, and could result in minimal regulatory/legal action; and/or</li> <li>▪ Isolated failure of controls or processes resulting in breach of a minor legal and/or regulatory rule/principle and/or breach of a Group policy/standard which could result in minimal regulatory/legal action.</li> <li>▪ Minor remedial actions may be required.</li> </ul>