

**PEEL
HUNT**

**PEEL HUNT EUROPE
FONDSMAEGLERSELSKAB A/S**

**POLICY FOR GOOD BUSINESS
PRACTICE AND HANDLING OF
CONFLICTS OF INTEREST**

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POLICY FOR GOOD BUSINESS PRACTICE AND HANDLING OF CONFLICTS OF INTEREST

1. Introduction

The Board of Directors of Peel Hunt Europe Fondsmæglerselskab A/S (“Peel Hunt” or “the Company”) has adopted this Policy for Good Business Practice and handling of the Conflicts of Interests (the “Policy”).

This Policy in relation to conflicts of interest is supplemented by the Procedure for handling of the Conflicts of Interests (the “Procedure”) adopted by the Management Board. In the event of any discrepancy between the content of this Policy and the Procedure, this Policy shall have priority.

The Board of Directors has decided that the procedures on good business practice will be set out in this Policy.

The Management Board are responsible for this policy. If you have any questions about this policy, you should initially speak to Compliance.

2. Background

Trust in the honest and efficient functioning of financial and capital markets is very important to maintain the integrity of markets, retain customer trust and attracting investors. Efficient and transparent markets are a key contributor to the economy. Maintaining the trust of stakeholders is essential for the Company.

The Company is required to establish, implement and maintain an effective policy for good business practice and handling of the conflicts of interests as well as procedure for handling of the conflict and interests.

3. Policy Objective

The primary purpose of this Policy is to ensure that the Company is compliant with the applicable legislation and internal guidelines on the area of good business practice and handling of the conflicts of interests.

This Policy identifies the circumstances that constitute or may give rise to a conflict of interest entailing a material risk that the Company will not be able to provide the duties provided by law or contract on a sufficiently independent manner.

4. Legal basis

This Policy has been prepared in accordance with the Delegated Regulation on Organisational Requirements, the Danish Investment Act and the Executive Order on Good Business Practice.

5. Scope

This Policy applies to the activities of the Company and to all staff of the Company. For this purpose staff includes all employees, non-executive directors, contractors and consultants.

Staff should ensure that they are familiar with this Policy and understand the regulatory responsibility to disclose a potential conflict of interest.

6. Minimum Controls

The Company has implemented and maintains appropriate systems and controls to detect and prevent conflicts of interest risks occurring within the Company. All non-compliance will be fully investigated and actions taken. The Company will also cooperate fully with regulatory bodies and law enforcement agencies to assist in their investigations and seek to prosecute offenders to the fullest extent possible.

7. Good Business Practice

The Company must act in accordance with the requirements of the Executive Order upon Good Business Practice.

This Policy covers only certain general requirements described in the Executive Order upon Good Business Practice. Executive Order upon Good Business Practice is available [here](#).

The Executive Order upon Good Business Practice requires, inter alia, that the Company acts fair and loyal towards its customers.

The Company shall ensure, that the Company's business practice is not capable to mislead and thereby is neither affecting the economic behaviour of a trader nor harming a competitor.

The Company's business practice as well the following information, if applicable, shall be taken into consideration while estimating whether the Company's business practice is misleading:

- the characteristics of the Company's certain product,
- the price or the calculation method as well as terms and conditions for the delivery of the products, and
- the status, characteristics and rights of the advertiser.

The Company's business practice may not be aggressive or undue towards its customers. Appendix 1 of the Executive Order upon Good Business Practice contains the examples for when the business practice is considered to be misleading or aggressive.

8. Conflicts of Interest

The Company must take all appropriate steps to identify and prevent or manage conflicts of interest between:

- a) The Company (including its group entities, and any managers and employees, or any person directly or indirectly linked to them by control), and a client of The Company; or
- b) one client of the Company and another client, that arise or may arise in the course of the Company providing any services.

This includes those caused by the receipt of inducements from third parties or by the Company's own remuneration and other incentive structures.

8.1. Types of conflict

For the purpose of identifying a conflict that arises, or may arise, in the course of providing a service and where there may be risk of damage to the interests of a client, the Company takes into account, as a minimum, whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

2. 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;
3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. carries on the same business as the client; and
5. 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.

Conflicts may result from the Company providing investment business or engaging in any other activity.

It should be noted that the rules on preventing and managing conflicts of interest apply to **ALL** categories of client. Notwithstanding that, the Company will only provide regulated services to professional investors and eligible counterparties.

8.2. Situations and key activities in which conflicts of interest could arise

The following key activities may lead to potential conflicts:

- Dealing as principal for the Company's own account by selling an investment to a client or buying it from a client or otherwise having a holding or dealing position in the investment concerned or an associated investment;
- Peel Hunt LLP has a proprietary position in an issuer Peel Hunt LLP is advising and the Company is trading;
- Impact to end clients which may adversely affect them if they take:
 - an exposure opposite to the one previously held by the Company itself; or
 - an exposure opposite to the one that the Company wants to hold after the sale of the product.
- Executing client transactions. Conflicts may arise if client orders are not executed with regard to regulatory rules on best execution or in compliance with the Company's Policy on Best Execution;
- Providing services to one client in relation to an investment in which another client is entering into transactions;
- Matching one client's transaction with that of another client where the Company is acting or seeking to act as agent for (and to receive and retain commission or other charges from) both;
- Receiving payments or other benefits for giving business to the Company with or through which a client's order is placed or executed;
- Acting for multiple clients selling similar assets at the same time;
- Recommending clients buy or sell securities in a company at the same time as another part of the Company is in possession of inside information in relation to such company;
- Trading proprietary positions in a financial instrument, commodity or related derivative instrument when at the same time they have information about future client orders in relation to that financial instrument, commodity or related derivative;
- Employee personal account trading and other conflicts between the personal interests of the Company employees and those of its clients;

- Conflicts between recipients of research material and corporate clients (including issuers of investments covered by the research material concerned); and
- Receipt of substantial gifts and hospitality (including non-monetary that may influence behaviour in a way that conflicts with the interests of clients.
- Conflicts between the Company, EU institutional clients and Peel Hunt LLP's corporate clients during the capital raising process.

This list is not exhaustive. Company employees must consider all services and activities carried out by the Company in order to identify any conflicts that may arise. Any new material conflicts shall be escalated to senior management and the relevant governance bodies.

The areas of business that may lead to potential conflicts

8.3. The areas of business that may lead to potential conflicts

The Company has identified material actual and potential conflicts arising in each area of the business which adversely affect one or more clients and recorded how each conflict is eliminated, mitigated, or disclosed.

Key conflicts of interest which do or could potentially arise and apply across the business have been indicated below. Systems and controls are in place to ensure identification and management of all these key conflicts.

- Inducements
- Personal account dealing
- Marketing communications
- Investment Banking – Information Barrier
- Client Orders

8.4. Types of Information

8.4.1 Public Information

This is considered to be information that is readily available and/or has been generally disseminated to the public.

8.4.2 Confidential Information

This is considered to be all information that is not generally disseminated to the public or not in the public domain (i.e. client/third party information, proprietary Company information, employee information).

There are two broad categories of confidential information: (i) sensitive (for instance information that may be legally privileged); and (ii) inside information (price sensitive).

In the ordinary course of conducting its business, Company employees will on occasion be in possession of the following examples of inside information in connection with that:

- Peel Hunt LLP Investment Banking department holds inside information in respect of the on-going business matters of their corporate clients.
- Members of LLP's Investment Banking are responsible for maintaining the confidential nature of their client's unexecuted orders which are classed as inside information. This includes orders from Major Shareholders and Persons Discharging Managerial Responsibility ("PDMRs").

- A member of the Company's Sales team may be made inside prior to the release of results, or a trading update via the Regulatory Information Service ("RIS").
- Unpublished research – initiation notes and material changes to research including recommendations, target prices and forecasts may be classed as inside information.
- A member of the Company's Sales team may be made inside by Peel Hunt LLP Investment Banking on a potential issue of new securities. This enables the Company's Sales team to participate in placing new securities with institutional clients
- The Company's Sales Traders are responsible for maintaining the confidential nature of un-executed / pending client orders which are classed as inside information.

8.4.3 Information Barriers

The Company has Information Barriers in place as a mechanism and control for managing conflicts of interest which allows the Company to engage in primary markets and investment banking activities (through Peel Hunt LLP) whilst operating in the secondary markets (through the Company) through the provision of Sales, Trading and Research services.

9. Monitoring

Compliance performs second line monitoring to ensure that conflicts of interests are being managed effectively in accordance with the Company's conflict management arrangements.

10. Training

Awareness of the conflict of interest risks through training is considered a key factor. The Company undertakes different types of training to promote such awareness:

- Training for staff members in respect of conflicts of interest risks, taking into account the specific roles of staff members, is the responsibility of the relevant Head of Department.
- General, Company-wide training provided by the Compliance Function, including within inductions to new employees.

Training explains the Company's expectations for staff conduct, the procedures and standards necessary to implement internal controls and staff roles and responsibilities.

11. Governance and Reporting & Escalation

Oversight of the relevant risks here is performed mainly via key risk reporting. The Head of Risk and Compliance shall determine the key risk metrics to be regularly monitored and reported. Management is responsible for assessing any excesses in line with the risk appetite statement and taking appropriate risk treatment action, i.e., either:

- to remediate to bring back the exposure to appetite or
- to risk accept through governance.

Remediation actions need to be tracked until completion.

Issues, excesses and overdue actions must be reported as follows:

- The front line will report any breaches / issues to the Head of Risk and Compliance;
- The Head of Risk and Compliance will collate everything into a report;
- This report will go to the Management Board and Board of Directors.

12. Non-Compliance

A failure to comply with legal requirements or the terms of this policy will be treated very seriously. Failure to comply with this policy may result in disciplinary action being taken against an employee in accordance with the Company's disciplinary procedure. In serious cases, non-compliance may result in dismissal.

In all cases, breaches of this policy should be reported to the Head of Risk and Compliance. Failure to disclose a conflict to the Head of Risk and Compliance and the relevant governance bodies is a breach of this Policy.

13. Controls

The Compliance Function oversees the compliance with this Policy. A report covering compliance with the Policy is compiled with the frequency which corresponds to the applicable risk level as stated in the Company's Compliance Risk Assessment and submitted to the Board of Directors.

14. Review

This Policy must be adapted on an on-going basis to reflect changes in the Company's activities and must be reviewed at least annually.

15. Policy Version Control

15.1. Ownership

Document Title	Policy for Good Business Practice and Handling of Conflicts of Interest
Adopted by	The Board of Directors
Owner	Management Board
Release Date	13/01/2023
Approved By	The Board of Directors

15.2 Document History

Date	Author/Approver	Revision	Key Changes/Comments
13/01/2023	Compliance	1.0	1 st Edition

15.3 Document Approval

This document along with the policies and procedures contained within has been approved as detailed below.

Version	Date	Approved By
1.0	13/01/2023	The Board of Directors

15.4 Links to other Policies and Procedures

Policy	LINK
P-26 Policy on Personal Account Dealing	
F-10 Procedure For Good Business Practice And The Handling of Conflicts of Interest	
F-14 Internal rules – Trading and Handling of Inside and Confidential Information by Management and Employees	
F-28 Procedure on Research Production and Distribution	

16. Glossary & Definition

Danish Investment Act	The Danish Investment Act nr. 1155 dated 8 June 2021
Delegated Regulation on Organisational Requirements	Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
Confidential Information	This is considered to be information which is not generally disseminated to the public (i.e., client/third party information, proprietary/Company information and employee information)
Executive Order upon Good Business Practice	Executive Order upon Good Business Practice nr. 330 dated 7 April 2016
Information Barrier	Ensure information held by one business area is retained within that business area which can take both physical and electronic forms
Issuer	Company or vehicle which issues securities or financial instruments
Permanent Insider	A Permanent Insider is someone who may have access at all times to all inside information available in the Company
PDMR	Persons Discharging Managerial Responsibility