Northern Trust group companies (“NT”) operating in Europe are required to establish, implement and maintain effective arrangements for identifying and managing potential and actual Conflicts of Interest (“Conflicts of Interest” or “Conflicts”). NT has established the Northern Trust EMEA Conflicts of Interest Policy (the “Policy”) in order to meet those obligations through Europe, the Middle East and Africa (“EMEA”). The aim of the Policy is to set out the required standards and controls for identification, recording, monitoring and management of conflicts of interest, to enable NT EMEA to meet its legal, regulatory and corporate obligations. This document is a summary of the Policy, designed to give our clients information on the scope and breadth of the Policy and its basic structure.

The Policy supports various EU and local regulations across the EMEA region including:
- European Union (EU) Directives
- Guernsey
- Ireland
- Luxembourg
- Netherlands
- Saudi
- United Kingdom

In accordance with the FCA’s requirements, NT EMEA put the Policy in place, as supplemented by procedures for the identification and management of potential conflicts of interest that arise within:

Northern Trust’s business areas, both
- Between ourselves and our clients
- Between clients.

The Policy has been put in place to ensure that where NT EMEA is providing regulated services to clients that it meets all its obligations in relation to Conflicts.

The obligation to identify, manage, monitor and where necessary, disclose Conflicts arises from a number of regulatory requirements, including the following directives at an European Union (“EU”) level:
- The Markets in Financial Instruments Directive (“MiFID”);
- The Market Abuse Regulation (“MAR”);
- The Alternative Investment Fund Managers Directive (“AIFMD”); and
- The Undertaking in Collective Investments for Transferable Securities (UCITS) Directive.

In addition there are a number of local regulatory requirements arising from the implementation of these and other EU Directives as well as additional local requirements as set by certain regulators.

The Policy applies to EMEA based partners undertaking activities on behalf of the APAC and North America regions. The Policy applies to all NT EMEA Employees (including contractors and temporary staff) and any other partner within Northern Trust who is assigned to work for NT EMEA.
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Within NT EMEA these can include local or regional departments of:

- Global Funds Services
- Investor Group
- Global Family Office
- Enterprise Operations
- Capital Markets
- Asset Management
- Product
- Sales
- Shared Services (e.g. Information Technology)
- Corporate Wide Services (e.g. Finance, Risk & Compliance and Legal, including the Company Secretary’s office) and
- Chief Executive Officer (CEO) & CAO/Conduct Office.

Or any division of the above-mentioned business units (each a “Business Unit”).

ROLES & RESPONSIBILITY

The internal compliance function (“Compliance”) is responsible for maintaining and communicating the Policy as well as providing relevant training and awareness on Conflicts and how to identify and manage them to in-scope employees.

Each Business Unit is responsible for the initial (for existing and new products, services, locations etc.) and ongoing identification of Conflicts and ensuring they are subject to appropriate and effective management. This includes Conflicts that are inherent to a Business Unit (“Inherent Conflicts”) due to the nature of the legal entity and its products and services, as well as “Event Driven Conflicts” which may arise in specific circumstances and which are dealt with at a particular time. Responsibility lies with each Business Unit, and their employees, to advise their line management and local Compliance department immediately, where they have identified a Conflict (whether it is a potential conflict or one that has already occurred).

DEFINING AND IDENTIFYING CONFLICTS

The Policy covers Conflicts that can arise for NT EMEA where:

- The interests of NT EMEA conflict with those of (a) client(s);
- The interests of one particular client of an entity within NT EMEA conflict with those of another client, or multiple clients;
- One Business Unit within NT EMEA has a relationship with a client or obtained confidential information relating to a client, which may be of interest to another Business Unit of NT EMEA;
- Employees in one Business Unit within NT EMEA have access to confidential information relating to a client of another NT EMEA division or business, e.g. through access to IT systems, shared office accommodation, etc.; or
- A Business Unit within NT EMEA acts as a service provider or is deemed to be a client of another NT entity or Business Unit.
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To help identify the types of Conflict that may arise and whose existence may pose a material risk to the interests of a client, NT EMEA must take into account whether any of its Business Units or a person directly or indirectly linked to those businesses:

• Is likely to make a financial gain, or avoid a financial loss, at the expense of the client (outside of any remuneration negotiated with the client for the provision of services);

• 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 one client or group of clients over the interests of another client or group of clients;

• Carries on the same business activities as the Client; or

• Receives or will receive from a third party an inducement in relation to a service provided to a client, in the form of monies, goods or services, which exceeds the agreed commission or fee for that service.

MANAGING & PREVENTING CONFLICTS

There are instances where NT EMEA is not allowed, due to EU or local regulation, to manage a Conflict and instead we must prevent the conflict entirely. For example, this is the case with respect to the common management and independence requirements under UCITS, where employees or a Board member of a Depositary entity cannot be an employee or a Board member of an associated Management Company.

Each Business Unit has procedures to ensure each part of Northern Trust EMEA has the required processes and controls in place to manage Conflicts (governance, policies, procedures, training, awareness, systems & controls) in accordance with our regulatory obligations. The Policy applies to all employees of our entities located in EMEA and seeks to capture all (potential) Conflicts that (may) arise in their business areas. The manner in which Conflicts are managed is detailed in a Conflicts of Interest Register (the “Register”) for each Business Unit.

The Register must set out which Conflicts (inherent and event driven) must be prevented, and the controls in place, versus those that can be managed and/or disclosed.

DISCLOSING CONFLICTS OF INTEREST

If arrangements made to deal with a Conflict are not adequate to prevent the potential risk from constituting or giving rise to a material risk of damage to the interests of our Clients, we will disclose the general nature and/or sources of such Conflict to the Client and include sufficient detail taking into account the nature of the Client. Such action should enable the Client to take an informed decision with respect to the services provided, in the context to which the Conflict arises.

RECORD KEEPING

The Policy and any underlying procedures are recorded and maintained in accordance with EMEA Regulatory requirements and internal Northern Trust Record Management and Retention Standards.
EMEA CONFLICTS OF INTEREST POLICY

COMPLIANCE AND AUDIT
Compliance with the Policy is subject to regular testing by the Compliance team to ensure that it is effective and remains fit for purpose. Additionally, it may also be subject to an independent review by NT’s internal audit function.

BREACHES
Policy breaches, dependent on the gravity, are escalated internally to the NT Conduct Office and the relevant Compliance Officer for the Business Unit. Employees may be subject to internal disciplinary procedures up to and including dismissal, and in addition, the breach may be reported to the relevant regulator.