



# Conflicts of Interest Policy

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octopus

## **Introduction**

The identification and prevention or equitable management of conflicts of interest are key requirements for any financial services firm. Octopus, together with its affiliated companies and employees, where it cannot prevent a conflict of interest must address it in a manner which ensures fair treatment for all parties concerned and does not adversely affect the interests of its clients.

This document sets out Octopus' conflicts of interest policy. It describes how conflicts of interest can be prevented or identified, and how they have to be managed. It also explains the decision-making process as well as the delegation of responsibilities.

This document addresses general conflicts of interest. Such conflicts may arise where Octopus is placed in a position where an interest of Octopus conflicts with the interests of one or more clients of Octopus, or where the interests of different clients of Octopus conflict with each other. The same applies where the interests of different business units and affiliates of Octopus conflict with each other, or where the interest of an employee of Octopus conflicts with the interest of Octopus or the interests of Octopus clients.

## **Octopus measures to address conflicts of interest**

Octopus is committed to taking measures to identify and prevent or appropriately manage actual or potential conflicts of interest, including perceived conflicts of interest. Various arrangements have been established by Octopus which are designed to achieve these objectives, especially procedures for the governance and resolution of conflicts of interest:

- Identification of actual, potential or perceived conflicts of interest through its conflicts management processes; insider list and, where necessary, internal systems used by business units and the register of outside business interests;
- Controls over the handling and flow of confidential and inside information;
- General disclosure of the possibility of interests to clients at an early stage of the relationship.

## **Identification of conflicts of interest**

Octopus has established policies, procedures and training to support the preparation and maintenance of its conflicts of interest policy; to allow staff easily to identify day-to-day business situations where a conflict may arise; and to set out the steps to be taken to either prevent or manage potential or actual conflicts.

## **Information barriers/separation of reporting lines**

Octopus looks to ensure that, where appropriate, different business lines / functions within the firm are segregated, with separate reporting lines. Where appropriate and proportionate, certain functions are organisationally and hierarchically kept separate from the main business lines. For example, there are independent Compliance and Audit Functions.

## **Insider list**

An insider list is maintained by the firm, which contains the names of the clients or investee companies with whom an Octopus business unit is making, or planning to make, a sensitive transaction. In such situations, Octopus generally has received or is likely to receive inside information. The firm is expected to become the recipient of inside information once it has entered into a confidentiality agreement or a letter of engagement with a company. It may also contain the

name(s) of the person(s) with whom Octopus is not making a sensitive transaction, but where Octopus employees have received inside information inadvertently.

By means of this list and the requirement for certain personal account deals to be pre-cleared, the Compliance department checks whether the firm or its employees will make transactions in exchange-traded securities in respect of which Octopus has inside information or which would prejudice client interests. Although unlisted investments are not technically covered by the Market Abuse Regime (MAR), there is also an insider list kept for unquoted investee companies.

### **Aggregation of client orders and sequence of execution**

As outlined in the Octopus Order Execution Policy, client orders are generally executed in the sequence in which they have been placed. If orders are placed simultaneously and aggregated, and can only partially be executed, the relevant clients will be served in line with the relevant order allocation policy.

### **Independence of remuneration**

A Remuneration Committee oversees the firm's compliance with the Octopus Remuneration Policy and the FCA's remuneration code. It reviews the mitigants around any conflicts that may arise from the firm's remuneration practices.

### **Disclosure of inducements**

Permitted inducements within the meaning of the Conduct of Business sourcebook of the FCA rules must be clearly disclosed to the client in a comprehensive, accurate and clear manner prior to the provision of the investment service. This applies to fees, commissions or other payments and non-cash benefits which Octopus receives from a third party (including legally-independent companies which are subsidiaries or affiliates) in connection with the provision of the service.

### **Personal account dealing**

The rules for personal account dealing impose restrictions on transaction in securities and derivatives made by Octopus employees (and connected persons) for their own account or for the account of third parties by way of power of attorney or legal representation. Permission will not be given to deal in a company's securities or derivatives if said company is on the insider list or if dealing would prejudice client interests.

### **Accepting and making gifts and financial advantages**

Employees are generally not permitted to accept any inducements, privileges, or advantages, the value of which exceeds a predefined threshold, without the prior approval of the Compliance department. Furthermore, employees are forbidden to demand from clients, or business partners, any personal inducements or advantages, or to accept or make cash or cash-equivalent gifts in any amount in the course of business.

### **Conflicts of interest management**

Octopus addresses specific actual or potential conflicts through one or more of the following options:

- Application of the above-mentioned measures and precautions

- Declining to act
- All decisions as to the appropriate management of any conflict of interest should be based on two principles, namely:
  - To secure fair treatment of all parties involved, and
  - To mitigate any legal, regulatory or reputational risk to Octopus.
- Disclosing the conflict or material interests to the client(s) or other affected parties at the beginning of the relationship and obtaining its/their consent to Octopus acting for it/them. This option will only be used as a measure of last resort, where organisational and administrative arrangements are not sufficient to prevent or manage the conflict of interest.

If a disclosure to clients is made then it must be a specific description of the conflict of interest taking into account the nature of the clients to whom the disclosure is being made, in sufficient detail to enable that client to make an informed investment decision.

A Conflicts Committee has been established to consider proposals or situations which could generate conflicts of interest at Octopus. The Committee assesses the potential day-to-day conflicts which may arise in the business and determines whether the conflict is being or will be appropriately managed, and, if not, what action is required. The Committee may also periodically monitor conflicts it has previously reviewed to determine if controls are still adequate. Any matters requiring further escalation would be considered by the Audit and Risk Committee and ultimately by the relevant Board.

### **Role of Compliance**

In the event of an actual or potential conflict arising, the Compliance department will provide advice as to how that conflict might best be addressed in order to mitigate any legal, regulatory or reputational risks for Octopus. Compliance is required to remain strictly neutral when advising on the management of conflicts and is represented on, and can raise issues directly to, the Conflicts Committee.

### **Monitoring and reporting**

From time to time, the Compliance and Audit teams will undertake reviews to check the effectiveness of Octopus' conflicts of interest policy and procedures. Compliance regularly monitors staff dealing activities; investment management activity, and the firm's systems and controls are subject to periodic review and audit. Management information relating to identifying and managing conflicts of interest is reviewed by the Conflicts Committee on a 6-monthly basis, which is then reported to, and considered by, the Audit and Risk Committee.