

Conflict of Interest Policy

Version 1.1

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1. Introduction

The present document (hereinafter only, “**Policy**”) is aimed at (i) determining the relevant principles and criteria with reference to the prevention, identification, management and disclosure to the clients of conflicts of interest which may arise in the course of carrying out any insurance distribution activities carried out by Octium International Insurance Agent (hereinafter “**Octium Agent**” or “**Agent**”) and, (ii) laying down provisions regarding assessment of inducements and inducement schemes applicable to the distribution of insurance-based investment products (IBIPs).

Octium Agent is a Company, legally based in Liechtenstein and there authorised to operate as an insurance agent within local market and by freedom to provide services in other EU/EEA markets (duly authorised for each market).

2. Legal framework

2.1. Legal basis

The Agent is required to comply with the provisions and the obligations set out in Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (hereinafter, “**IDD Directive**” or “**IDD**”) and, for the purpose of the Policy, concerning:

- a) the identification and prevention of conflicts of interest when carrying out insurance distribution activities by insurance distributors, with particular reference to insurance-based investment products (hereinafter only, “**IBIPs**”); in case that the relevant organisational and administrative arrangements made by the insurance intermediaries are not sufficient to ensure, with reasonable confidence, that risks of damage to customer interests will be prevented, the insurance intermediaries shall clearly disclose to the customer the general nature or sources of the conflict of interest, in good time before the conclusion of an insurance contract according to the forms and manners, as laid under by the legal and regulatory framework, as specified below;
- b) the definition of the remuneration practices and inducement schemes which, thanks to a careful analysis and assessment of the inducement or inducement scheme, paid as well as received, shall prevent and avoid a detrimental impact on the quality of the relevant service to the customer together with on the best interests of the customer.

The Policy is adopted pursuant to Art. 28 “Conflicts of interest” of the IDD Directive and to Art. 4 “Conflicts of interest policy” of the Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017 supplementing the IDD Directive with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products (hereinafter, “**Regulation 2017/2359**” or “**IBIPs Regulation**”).

2.2. General principles

The provisions of the IBIPs Regulation require insurance intermediaries to establish, implement and maintain an effective conflicts of interest policy set out in writing and appropriate to their size and organisation and the nature, scale and complexity of their business. In particular, the conflicts of interest policy shall include:



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- with reference to the specific insurance distribution activities carried out, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interest of one or more customers;
- the procedures to be followed and measures to be adopted in order to manage such conflicts and prevent them from damaging the interests of the customer;
- the forms and the manners to disclosure to the customer of the conflict of interest, ensuring that disclosure to customers, is a measure of last resort. Therefore, disclosure to customers can be used only where the effective organisational and administrative arrangements established by the insurance intermediary to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the customer will be prevented.

Aim at giving a concrete implementation to the abovementioned regulatory provisions, the European regulation provides that the insurance intermediaries shall adopt, maintain and operate effective a specific policy in which they have to identify:

- the potential conflicts of interest, including those emerging from remuneration practices and from the integration of the customer's sustainability preferences; and
- the procedures and measures to prevent and manage them as well as the disclosure obligations towards customer.

In this context, without prejudice to the general obligation of insurance distributor to act in the best interests of the customers, as laid down by Art. 17 of IDD Directive regarding the conduct of business rules, when carrying out insurance distribution activities, insurance distributors shall always act honestly, fairly and professionally in accordance with the best interest of their customer.

In addition, with reference to the remuneration practices and inducement scheme, insurance distributors, aimed at acting in the best interest of the customer, shall not be remunerated or shall not remunerate or assess the performance of their employees in a way that conflicts with their duty to act in accordance with the best interests of their customers.

Hence, insurance distributors shall avoid adopting practices and arrangements on remunerations that conflicts with their duty to act in accordance with the best interests of policyholders.

An insurance distributor shall not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to itself or its employees to recommend a particular insurance product to a customer when the insurance distributor could offer an insurance product which would be better meet the customer's needs. Finally, in distributing IBIPs, insurance distributors need to consider that the inducement paid or received shall not impact on the quality of the service to the customer and on effective consumer protection.

For the purposes of assessing whether an inducement or inducement scheme has a detrimental impact on the quality of the relevant service to the customer, pursuant to Art. 8 of IBIPs Regulation, insurance distributors shall perform an overall analysis by considering the criteria as pointed out within the provision and, in particular, all the relevant factors which may increase or decrease the risk of detrimental impact on the quality of the service to the customer and any organisational measures taken by them while carrying out distribution activities to prevent the risk of detrimental impact.

It may be that more restrictive provisions on the matter are laid down by the local legal framework applicable in the markets where the Agent operates. In this case, insurance distributors should adopt specific measures and procedures to comply with the abovementioned regulation.



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3. Definitions

Insurance distributor (Art. 2, para. 1 (8) IDD Directive)

Any insurance intermediary, ancillary intermediary, or insurance undertaking.

Insurance-based investment product - IBIPs - (Art. 2, para. 1 (17) IDD Directive)

An insurance product which may offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations, and does not include:

- a) non-life insurance products as listed in Annex I to Directive 2009/138/EC (Classes of non-life insurance);
- b) life insurance contracts where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or disability;
- c) pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement, and which entitle the investor to certain benefits;
- d) officially recognised occupational pension schemes falling under the scope of Directive 2003/41/EC or Directive 2009/138/EC;
- e) individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider.

Collaborator

Natural person or legal entity who distributes the products of the Agent on behalf of/in collaboration with the latter.

Conflicts of interest (Art. 3, para. 1, IBIPs Regulation)

"[...] an interest in the outcome of the insurance distribution activities, which entail a risk of damage to the interests of a customer, including his or her sustainability preferences and meets the following criteria:

- a) it is distinct from the customer's or potential customer's interest in the outcome of the insurance distribution activities;
- b) it has the potential to influence the outcome of the distribution activities to the detriment of the customer.

Insurance intermediaries and insurance undertakings shall proceed in the same way for the purpose of identifying conflicts of interest between one customer and another".

Relevant person (Art. 2 (1), IBIPs Regulation)

- a) "a director, partner or equivalent, or manager of the intermediary or undertaking, where applicable;
- b) an employee of the insurance intermediary or insurance undertaking, as well as any other natural person whose services are placed at the disposal and under the control of the insurance intermediary or insurance undertaking and who is involved in the distribution of insurance-based investment products;
- c) a natural person who is directly involved in the provision of services to the insurance intermediary or insurance undertaking under an outsourcing agreement for the purpose of the distribution by the intermediary or undertaking of insurance-based investment products".



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Inducement (Art. 2 (2), IBIPs Regulation)

“any fee, commission, or any non-monetary benefit provided by or to such an intermediary or undertaking in connection with the distribution of an insurance-based investment product, to or by any part except the customer involved in the transaction in question or a person acting on behalf of that customer”.

Inducement scheme (Art. 2 (3), IBIPs Regulation)

“a set of rules governing the payment of inducements, including the conditions under which the inducements are paid”.

Sustainability preferences (Art. 2 (4), IBIPs Regulation)

“a customer’s or potential customer’s choice as to whether and, if so, to what extent, one or more of the following financial products should be integrated into his or her investment:

- an IBIPs for which the customer determines that a minimum proportion shall be invested in environmentally sustainable investments as defined in Article 2, point (1), of Regulation (EU) 2020/852 of the European Parliament and of the Council;
- an IBIPs for which the customer or potential customer determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2, point (17), of Regulation (EU) 2019/2088 of the European Parliament and of the Council;
- an IBIPs that considers principal adverse impacts on sustainability factors, as defined in Art. 2 (24) of Regulation (EU) 2019/2088, where qualitative or quantitative elements demonstrating that consideration are determined by the customer or potential customer”.

4. Scope and Octium’s role

4.1 Scope

Within IBIPs’ distribution activity, the content of the present Policy should be taken into consideration and should be applied by the subjects which:

- due to their position and/or to the functions performed, are required to identify potential Conflicts of interest and which take part in their prevention and management;
- shall define and assess the nature and the amount of the Inducement as well as of the Inducement scheme received by the distribution network (hereinafter, only “Network”);
- collaborate or are, in any event, involved in the distribution of insurance product (employees, collaborators and employees and collaborators which, for any reason, carry out intermediation activity).

For the purpose of a proper management of the Conflicts of interest and definition of the Inducement scheme which may not affect and may not have a detrimental impact on the best interest of the Agent’s customer, also considering that the Agent mainly distributes IBIPs, Octium Agent intends to apply to the distribution of insurance contracts – regardless of the nature or class they relate to - the relevant principles and processes concerning the proper management of conflicts of interest and remuneration as stated within the European legal framework, with specific reference to the IBIPs’ distribution.

Furthermore, in case more restrictive provisions on the matter are laid down by the local legal framework applicable in the European markets where Octium Agent operates, the latter shall adopt specific measures and procedures to comply with the local regulation.



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4.2 Octium's role

Octium Agent is entirely owned by Octium Holding S.A., which is also shareholder of Octium Life DAC and Octium Assurance AG (including its Italian branch), an Irish and Liechtenstein insurance undertaking respectively which operate in the same markets (under Freedom of Service regime and Freedom of Establishment as to the Italian branch of Octium Assurance AG) where the Agent shall operate.

The Agent only distributes the products of Octium Life DAC and Octium Assurance AG (including its Italian branch), as well as of any future insurance undertaking forming part of the Octium Group.

The Agent shall identify, describe, and record in a specific register any situation of relevant persons shared between Octium Company and Octium Agent that can have a mutual influence/control/administration and any relevant situation that may arise a potential Conflict of interest.

5. Identification of Conflicts of interest

The Agent shall assess if its interest or the interest of its Collaborators to recommend an insurance product may affect the customer's interest, for example, in case it could distribute a product which may better meets the demands and needs of the client.

In this case, in fact, there would be a potential conflict of interest.

For the purposes of identifying the types of conflicts of interest, so to avoid its negative consequences and repercussion, the Agent shall consider, by way of minimum criteria the following situations, pursuant to Art. 3, para. 2 of IBIPs Regulation:

- the Agent, a Relevant person or any person directly or indirectly linked to the Agent itself by control, is likely to make a financial gain or avoid a financial loss, to the potential detriment of the customer;
- the Agent, a Relevant person or any person directly or indirectly linked to the Agent itself by control, has a financial or other incentive to favour the interest of another customer or group of customers over the interest of the customer;
- the Agent, a Relevant person or any person directly or indirectly linked by control, is substantially involved in the management or development of IBIPs, where such a person has an influence on the pricing of those products or their distribution costs.

In this context, according to the specificity and the nature of the activity carried out by the Agent and in the light of the abovementioned criteria, the Agent shall identify, describe and record in a specific register any potential Conflicts of interest.

By example, following situations will be assessed to such purpose:

- the Agent receives inducement (e.g., premiums related to the intermediation of certain IBIPs, in addition to commissions, non-cash benefits or other inducement) from insurance undertaking and/or from any other subjects (e.g. fund managers, other distributors, other third parties, etc.), and, at the same time, the terms and conditions regarding the product the Agent receives those substantial inducement for, are less favourable for the customer, compared to other insurance products which are, in case, distributed by the Agent;
- the Agent, its managers, employees, or its collaborators shall become shareholder or shall hold an administrative/managerial/operational role in an insurance undertaking which the Agent has a collaboration agreement with, concerning the distribution of insurance products.



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6. Step and measures to be taken to avoid prejudices

6.1 Identification of Conflict of interest areas

In the light of the abovementioned criteria, the Agent shall firstly identify and assess potential Conflicts of interest between its managers/employees/Collaborators and its customers.

Therefore, for this purpose, all the relevant personal and/or professional situations where the subjects, as listed, carry out any other activities than the insurance distribution one, shall be constantly monitored, as for example, the fact of becoming shareholder of other insurance undertaking which usually carry out distribution activity and which the Agent has collaboration agreements with.

6.2 Prevention from Conflict of interest situations

In this event, the Agent shall act in consistency with the present Policy, aimed at avoiding any potential Conflicts of interest between to be represented by the abovementioned relationships, as highlighted in the previous paragraph 5.1, so as not to prevent the Agent from pursuing the best interest of its customers while carrying out insurance distribution activity.

Hence, in the present Policy, the Agent has arranged further procedures/principals to be followed and measure to be adopted, which are consistent with the relevant current regulation on the matter, to identify and manage the conflicts of interest that may arise in the course of carrying out its insurance distribution activity promptly and correctly.

These procedures and measures, which shall be appropriate to the size and activities of Agent and to the risk of damage to the interests of the customer, shall at least ensure following principles:

- a) The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services, to customers whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Agent or of the Company. In this context, the Agent shall take into account the need of a diversification of the tasks assigned to the different corporate areas involved in the identification of products to be distributed, as well as in the definition of the related distribution strategy (the reference is to the measures and principals set out in the Product Oversight and Governance Policy adopted by the Agent) and, finally in their distribution.
- b) The control of the simultaneous or sequential involvement of a Relevant person in separate insurance distribution activities where such involvement may impair the proper management of conflicts of interest.
- c) Each product is distributed within the target market as identified by the Company and the insurance contract correctly meets the customer needs regarding the insurance and social security coverage, thus also ensuring that products which meet the customer's demands and needs, are recommended.
- d) The assessment of the complaints submitted by the customers, to analyse the most common root causes and the proper performance of the distribution activity, thus identifying potential conflicts of interest which are not yet defined together with the best interest of the customers.
- e) The confidentiality of the data and personal information as acquired, in consistency and in compliance with the current regulation on privacy and with any other applicable policies and procedures, to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest, where the exchange of that information may damage the interests of one or more customers.
- f) The definition of specific obligations, including conduct of business obligations, within the collaboration agreements with the Network which need to be integrated with the relevant



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provisions regarding the distribution activity as well as the eventual regulatory provisions issued by the National Supervisory Authorities. In this context, the collaborator should be aware of the importance of the rules and consequences on the relationship between the Agent.

- g) The execution of sample checks on the precontractual and contractual documentation, so to allow the customer to have all the necessary information to make an informed decision.

7. Communication to the customers regarding the existence of Conflicts of interest

Where the abovementioned organisational and administrative arrangements (procedures and measures) are not appropriate or sufficient to ensure that the distribution activity is carried out in accordance with the best interest of the customer, thus not preventing a potential Conflict of interest, the Agent, shall verify that, in good time before the conclusion of an insurance contract, the customer have been duly informed and correctly understood, about the general nature and sources of the Conflict of interest.

In particular, for the purpose of a disclosure of Conflicts of interest, the Agent shall provide the customer a specific description of the Conflict of interest in question, explaining its nature and sources, as well as the risk that arise as a result of the conflict of interest and the steps undertaken to mitigate those risks.

Finally, the Agent shall clearly state that all the arrangements established to prevent or manage the Conflict of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the customer will be prevented.

This information shall be given on the basis of the following criteria:

- The disclosure obligation should be a measure of last resort to be used only where organisational and administrative arrangements are not sufficient to ensure that the risk of damage to the interest of the customer will be prevented.
- The disclosure shall be given in good time before the conclusion of any contract in a way that is simple, clear and transparent.
- The disclosure of Conflicts of interest by the Agent cannot exempt it from the obligation to maintain and operate these arrangements which are most effective means of preventing damage to customers.

8. Inducement and Inducement scheme

Considering that the Inducement and the Inducement scheme, as defined by the Agent, shall not damage the interest of the customers, the Agent shall perform an overall analysis to verify that they are defined and structured in compliance with the criteria and the factors as set out in the context of the IDD Directive and of the IBIPs Regulation, with regard both to their receipt and payment to the Network.

Specifically, the Agent shall consider:

- whether the Inducement or Inducement scheme could provide an incentive to offer or recommend a particular insurance product or a particular service to the customer despite the fact that the Agent would be able to offer a different insurance product or service which would better meet the customer's needs;
- whether the Inducement or Inducement scheme is solely or predominantly based on quantitative commercial criteria or whether it takes into account appropriate qualitative



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criteria, reflecting compliance with applicable regulations, the quality of services provided to customers and customer satisfaction.

In this context, the Agent shall assess:

- the value of the inducement paid or received in relation to the value of the product and the services provided;
- whether the inducement is entirely or mainly paid at the moment of the conclusion of the insurance contract or extends over the whole term of that contract;
- the existence of an appropriate mechanism for reclaiming the inducement in case the product lapses or is surrendered at an early stage or in case the interests of the customer have been harmed;
- the existence of any form of variable or contingent threshold or any other kind of value accelerator which is unlocked by attaining a target based on volume or value of sales.

The obligations on the inducement are required to be carried out also by the insurance intermediary which the Agent has currently a collaboration agreement with.

Moreover, in addition to the assessment that the Agent is required to perform on the basis of the legal and regulatory framework, the Agent shall also implement a control and record of the remuneration and inducement paid and received by such insurance intermediary.

In this context, the Agent shall take into consideration and focus on the training and professional updating of all the subject involved within the distribution process, also verifying and controlling the number and the content of the complaints received and the correctness of the documentation with particular attention on the demands and need and suitability assessment questionnaires, so to consistently assess the best interest of its customers.

9. Measures and checks on Inducement and Inducement scheme

Without prejudice to the provision of Section 7, the Agent does not consider a potential risk of damage to the interests of a customer:

- The receipt from the Agent of a commission in line with the market standards for the distribution and/or management of the insurance product. In this particular case, the payment of inducement does not represent, on its own, a detrimental impact on the best interest of a customer.
- The difference in remuneration between several products is mild. In this context, in the lack of relevant differences in the remuneration between similar products, this difference should reduce the likelihood of influencing the insurance distribution activity with a detrimental impact on a customer.

Even the case of quantitatively difference regarding the remuneration of several products, should not be considered as underlying a potential Conflict of interest. In this latter case, the receipt by the Agent of different remuneration from any insurance undertaking regarding the distribution of different products, does not represent, because of this, a Conflict of interest.

Aimed at ensuring that Inducement received and paid to the Network, to employees and Collaborators, do not have a detrimental impact and a negative repercussion on the performance of the distribution activity, the Agent shall put in place all the measures mentioned in the par. 5, including with reference to the Inducement.

The Agent, shall also implement the following principles:



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- The Inducement scheme follows a linear system which means that each subject involved on distribution on behalf of/in collaboration with the Agent has the same remuneration.
- Each subject involved on distribution on behalf of/in collaboration with the Agent shall be remunerated regardless of the product distributed, not having any interest in recommending certain products instead of others and thus taking the risk of not ensuring the best interest of a customer.
- The remuneration paid to the subjects involved on distribution on behalf of/in collaboration with the Agent should be increased only in case of the achievement of mainly qualitative objectives, according to the quality of the activity as carried out and also considering other qualitative criteria such as, for example, extinction/cancellation rates of distributed contracts.
- The Agent shall encourage the subjects involved on distribution on behalf of/in collaboration with the Agent to distribute certain specific products but it does not impose any mainly quantitative goals with reference to specific IBIPs.
- It is forbidden, for those which act/operate on behalf of the Agent, to accept gifts and/or gratuities, except in the ways and within the limits as pointed out by the Agent in the context of the internal regulation.

10. Communication to the customers on remuneration

Aim to enable that the customer or potential customer to take an informed decision, the Agent shall provide an appropriate information, in good time prior to the conclusion of a contract, with regard to:

- all costs and related charge;
- the nature of the remuneration or of the inducement/inducement scheme, as provided by the Company, in connection with the distribution activity.

11. Non-compliance with the provisions laid down in this Policy

In case of any infringements of the provisions regarding conflicts of interest and remuneration/inducement, the customer could ask the Agent for the compensation for damage or for the termination of the contract. In the most serious cases of infringement, the Competent Authorities may impose effective, proportionate and dissuasive administrative sanctions and other measures.

The Agent takes all reasonable measures to avoid any damaging situation pursuant to those statements.

In case of any breach of the contractual obligations and of the obligations which arise from the present Policy, the Collaborator involved should be reached by disciplinary and/or sanctions, also including the termination of the collaboration.

12. The coordination role of the intermediaries

The subjects which, in the context of the Agent, have a coordination role of the Network, are required to observe the principals highlighted within the present Policy and to refrain from issuing instructions as well as directives which may conflict with the provision set out in this Policy and with the obligation/duty to act in the best interest of the customer.

13. Responsibility, approval and review

The Policy is adopted by the Administrative Body of the Agent.



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The Agent shall assess and periodically review, on an at least annual basis, the present Policy and take all appropriate measures to address any deficiencies.

Therefore, the Agent shall keep and regularly update a record of the situations in which a conflict of interest entailing a risk of damage to the interests of a customer has arisen or, in the case of an ongoing service or activity may arise.

The person in charge of distribution activities at the Agent level is responsible in verifying activity of the compliance with the principles and provisions as laid under in the present Policy and of the adequacy of these control.

