

### Product Oversight and Governance Policy

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#### 1 Introduction

The policy is adopted to fulfil the requirements of Product Oversight and Governance (POG), setting down the product distribution arrangements (hereinafter, only “**POG Policy**”) by Octium International Insurance Agent (hereinafter, only “**Agent**”), which is a company, legally based in Liechtenstein and there authorised to operate as an insurance agent within the local market and by freedom to provide services in other EU/EEA markets (duly authorised for each market).

The 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, in capacity as a (multi) tied insurance agent, distributes the products of Octium Life DAC, and Octium Assurance AG, including its Italian branch (collectively referred to as “Insurance undertaking”).

#### 2 Legal framework

Art.25 of Directive (EU) 2016/97 of the European Parliament and the Council 20 January 2016 on Insurance Distribution (hereinafter “**IDD**”) provides specific requirements concerning product oversight and governance (“**POG**”) for manufacturers as well as for distributors in order:

- to ensure there is an adequate level of customer protection;
- to mitigate the risk of customer detriments; and
- to avoid distortions in manufacturing, designing, development and distribution of insurance products.

According to Delegated Regulation (EU) 2017/2358 of the European Commission 21 September 2017 (hereinafter “**Delegated Regulation**”), implemented in Liechtenstein with the EEA Financial Services Sustainability Implementation Act of 25 April 2022, the manufacturers shall maintain, operate and review a product approval process for newly developed insurance products and for significant adaptations of existing insurance products. The product approval process shall identify for each insurance product the target market and the group of compatible customers. The target market shall be identified at a sufficiently granular level, taking into account the characteristics, risk profile, complexity, nature of the insurance product, as well as its sustainability factors as defined in Art.2 (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council (hereinafter “**ESG**”).

According to Art.10 of the Delegated Regulation, Insurance distributors shall have in place product distribution arrangements containing appropriate measures and procedures to obtain from the manufacturer all appropriate information on the insurance products they intend to offer to their customers and to fully comprehend those insurance products, taking into account the level of complexity and the risks related to the products as well as the nature, scale and complexity of the relevant business of the distributor.

The product distribution arrangements shall:

- aim to prevent and mitigate customer detriment;



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- support a proper management of conflicts of interest;
- ensure that the objectives, interests and characteristics of customers, including any sustainability-related objectives, are duly taken into account.

These rules provide a protection for customers as of the realization of the product, before they are marketed and during their entire life of the product, in order to ensure the products distributed are consistent with the identified target market.

IDD and the Delegated Regulation require in-depth and continuous monitoring during the lifetime of the distributed products, in order to identify the events that could materially affect the main characteristics of the product i.e., insurance coverages cost, risks etc.

IDD has been implemented within the Liechtenstein legal framework through Insurance Distribution Act of 5 December 2017 (hereinafter “**VersVertG**”). The relevant rules for distributors are set forth by Art.58 para. 2 of VersVertG “where an insurance distributor advises on, or proposes, insurance products which it does not manufacture, it shall have in place adequate arrangements to obtain all appropriate information on the insurance product and the product approval process and to understand the characteristics and identified target market of each insurance product”.

This Policy has been adopted pursuant to:

- Art. 10 of the Delegated Regulation, and
- Art. 58 para. 2 of VersVertG.

The Agent when operates and distributes the insurance products in other EU/EEA Countries considers the local regulation concerning the POG rules.

### **3 Scope**

The POG policy regulates the product distribution arrangements of the Agent and ensure that the Agent obtains from the manufacturer the information on:

- the identified target market,
- the suggested distribution strategy,
- the main features and characteristics of the insurance products, their risks and costs, including implicit costs, and any circumstances which might cause a conflict of interest to the detriment of the customer.

The POG Policy is also aimed at following recipients:

- employees of the Agent,
- other collaborators or subjects with service relationship,
- any other person (including external) who holds management, coordination, supervision or control roles with respect to the distribution activity carried out by the Agent.

In addition to these subjects, there could be also intermediaries independent from the Agent, with whom the Agent has collaboration agreements. In these cases, the Agent shall transmit to them an extract of the POG Policy containing the principles and the measures adopted, in order to allow its observance and application.

The Agent guarantees an adequate, clear, precise and timely circulation of the principles and the rules of application of the POG Policy, making it available to the recipients listed above by the most suitable means. By doing so, it allows them to know its contents and to apply the operating procedures and any other instructions described therein, with the aim of ensuring the proper conduct of distribution activities.

In addition to the rules and the contents of the POG Policy, the Agent can equip itself with additional arrangements and tools to ensure the proper conduct of the distribution activity.



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In this sense, in addition to the Complaints policy, reference is made to the policy aimed at managing conflicts of interest that may arise with customers in the context of business relationships (own or group), by virtue of the specific legislation dictated by the EU Delegated Regulation 2017/2359 (hereinafter the “**IBIPs Regulation**”) relating to the type of products mainly distributed by the Agent.

## 4 Product and target market features

The Agent distributes insurance products (hereinafter “**Products**”) belonging to the category of life policies, mainly insurance-based investment products (hereinafter “**IBIPs Products**”). The complexity and high degree of risk that characterise these Products is duly taken into account in the context of the POG activity put in place by the Agent, implementing the provisions of the supplementary legislation already mentioned (IBIPs Regulation).

With regard to the objectives of this Policy, the Agent enters into specific arrangements aiming at:

- understanding the technical and legal characteristics of the Products;
- understanding the approval process carried out for each Product;
- receiving from the Insurance undertaking the specifications regarding the target market identified, as well as the negative target market where relevant depending on the law applicable to insurance distribution activities in this market;
- understanding the level of complexity and risks associated with each Product;
- understanding any sustainability-related objectives, the characteristics of the product under ESG perspective and in particular, if the product, totally or partially, invests in sustainable investments; environmentally sustainable investments or takes into account the Principal Adverse Impact (PAI);
- being informed about the structure of costs, even implicit ones, and about any charges on the products;
- receiving from the Insurance undertaking, before of the distribution activity, the pre-contractual information documentation of the distributed Products;
- understanding the distribution strategy for each Product;
- operating in the best interests of customers and in line with their demands and needs;
- assessing the suitability or adequacy/appropriateness of the Products offered, in consideration of the specific type of Products distributed by the Agent;
- understanding the structure of the product and, in particular, if the manufacturer has duly assessed the value for money of the product for the customer, in relation to the product characteristics and the cost structure;
- receiving from the Insurance undertaking appropriate and detailed information on the risks associated with the Products, with particular reference to the investment funds and options to which the Products are linked, including any eventual ESG feature.

In the event that the Agent does not receive the information listed above from the Insurance undertaking, it will formally and promptly request it from the Insurance undertaking, through the information channels specified in Section 8 of this Policy.

The Agent also undertakes to provide the Insurance undertaking, at the latter's request, with information on the regular checks carried out on the Product distribution arrangements, as well as information that allows the Insurance undertaking to effectively monitor the Products, with reference to the identification the target market and its ongoing adequacy.

In the event of collaboration agreements with other distribution partners, the Agent transmits to the collaborating intermediary any information relating to the Product received by the Insurance undertaking, with specific reference to the target market (including the negative target market, where applicable), costs, complexity and distribution strategy, so that it can understand the characteristics of the Product.



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This information is made available through the provision of a “product sheet” or of any other alternative appropriate means, the content of which is defined and updated on the basis of the indications and details provided by the Insurance undertaking.

Based on the information obtained (possibly also from intermediaries with whom collaboration agreements are in progress), the Agent also defines an appropriate distribution strategy.

In implementation of the provisions of Art.10 para. 2 of the Delegated Regulation, through this Policy and the additional policies and procedures adopted by the Agent, the latter operates continuously in order to:

- aim to prevent and mitigate customer detriment;
- support a proper management of conflicts of interest;
- ensure that the objectives, interests and characteristics of customers are duly taken into account.

## **5 Controls on conflicts of interest, remuneration and inducements**

With reference to its own Product distribution activity:

- The Agent does not receive or offer remuneration or adopt remuneration policies for its own distribution network that could materialise the risk of negative repercussions on the service provided to the customer.  
By way of example, the Agent does not apply additional and unjustified costs with respect to the remuneration received by the Insurance undertaking for the distribution activity provided.
- The Agent acknowledges and applies the indications provided by the Insurance undertaking from time to time to regulate the phase of acquiring information from customers that is useful and relevant to the type of contract offered and proposed, so that the Products are consistent with the requests and needs of insurance coverage and social security of the policyholders. With reference to IBIPs Products, they must be adapted to the customer profile based on the information obtained from the outcome of the evaluation processes provided for in the EU Delegated Regulation 2017/2359.

## **6 Distribution strategy**

The Agent adopts a distribution strategy based on the type of Products offered (characteristics, risks and costs, target market and negative target market), in accordance with the distribution strategy defined by the Insurance undertaking at the time of the first placing on the market of the Product.

If the Insurance undertaking reviews and changes the strategy of a specific Product, the Agent will be required to adapt its procedures and its distribution strategy on the basis of the interventions carried out.

If the Agent finds that the distribution strategy defined and suggested by the Insurance undertaking is inconsistent and inadequate with respect to the Product and the target market identified, it will promptly notify the Insurance undertaking so that it intervenes with the appropriate corrective actions.

The Agent provides manufacturers with information, without undue delay, on product-related developments and other intrinsic and extrinsic factors, which could misalign the product with the needs, objectives and characteristics of the target market or on other product circumstances that may be a source of consumer detriment. This includes:

- verification that products are distributed within the target market and if not, identification of specific corrective measures which should be taken;
- verification that customers can really understand the main characteristics of insurance product



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and cannot not have different expectations then stated in an insurance contract and insurance terms.

Without prejudice to the foregoing, the Agent has right to prepare its own strategy for the placement of the Products in order to:

- pursue the best interests of customers, on the basis of additional criteria with respect to those of the Insurance undertaking.
- ensure greater consistency and correctness of the distribution activity carried out by its collaborators or by other intermediaries with whom collaboration agreements are in place.

In these cases, the Agent undertakes to promptly notify the Insurance undertaking, so that the latter can take any corrective measures as part of its Product monitoring activity for POG purposes.

In the event of collaboration agreements with independent distribution partners, the Agent communicates to the collaborating intermediaries the distribution strategy suggested by or agreed with the Insurance undertaking for each Product and which it considers appropriate.

## **7 Distribution process and monitoring distribution activity**

Before the signing of a proposal or a contract takes place, the Agent acquires from the customer all the information necessary for the identification of the Product consistent with his/her demands and needs. To this end, the Agent puts in place a specific process for the demands and needs assessment through specific questionnaires.

When giving advice on IBIPs products, the Agent makes a suitability assessment of the product recommended to the customer through specific tools and related questionnaires, using the following criteria:

- customer knowledge and experience;
- financial situation and ability to bear any losses;
- risk tolerance in relation to the risk and complexity of the proposed Product;
- sustainability preferences.

The inclusion of sustainability factors in the advisory process must not lead to mis-selling practices or to the misrepresentation of IBIPs Products as fulfilling sustainability preferences where they do not. In order to avoid such practices or misrepresentations, the Agent when provides advice on IBIPs Products will first assess the customer's or potential customer's other investment objectives and individual circumstances, before asking for his or her potential sustainability preferences.

The assessment of the suitability preferences means 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:

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

To enable customers or potential customers to understand the different degrees of sustainability and take informed investment decisions in terms of sustainability, the Agent shall explain the distinction between, on the one hand, IBIPs Products that pursue, fully or in part, sustainable investments in economic activities that qualify as environmentally sustainable under Regulation (EU) 2020/852 of the



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European Parliament and of the Council, sustainable investments as defined in Art. 2 (17) of Regulation (EU) 2019/2088 of the European Parliament and of the Council and IBIPs Products that consider principal adverse impacts on sustainability factors that might be eligible for recommendation as meeting individual sustainability preferences of customers, and, on the other hand, other IBIPs Products without those specific features that should not be eligible for recommendation to customers or potential customers that have individual sustainability preferences.

In order to prevent mis-selling and greenwashing, the Agent shall not recommend IBIPs Products as meeting individual sustainability preferences where those products do not meet those preferences, explaining to the customers or potential customers the reasons for not doing so and keep records of those reasons. Furthermore, in order to prevent mis-selling and greenwashing, the Agent keep records of the customer's decision along with the customer's explanation supporting the adaptation.

For existing customers, for whom a suitability assessment has already been undertaken, the Agent will identify the customer's individual sustainability preferences at the next regular update of the existing suitability assessment.

IBIPs Products that are not eligible for individual sustainability preferences can still be recommended by the Agent when distributing IBIPs Products, but not as meeting individual sustainability preferences. In order to allow for further recommendations to customers or potential customers, where IBIPs Products do not meet a customer's sustainability preferences, the customer should have the possibility to adapt information on his or her sustainability preferences. To prevent mis-selling and greenwashing, the Agent when distributing IBIPs Products keeps records of the customer's decision along with the customer's explanation supporting the adaptation.

## **8 Communications flow**

### **8.1 Information to obtain from the Insurance undertaking**

The Agent adopts and implements adequate processes to obtain from the Insurance undertaking information on the main characteristics of the Products it intends to offer to customers, the related approval process, the target market and the negative target market, if relevant, the risks and costs (including implicit ones), the distribution strategy, including any sustainability-related feature and objective of the product, as well as any other circumstance that could cause a conflict of interest to the detriment of the customer and any other information useful for correctly identifying the target market (and the negative target market, where applicable).

To this end, the Agent:

- uses shared tool with the Insurance undertaking, for the receipt, cataloguing and management of pre-contractual and contractual documentation relating to distributed contracts;
- if necessary, requests product data sheets from the Insurance undertaking, containing information regarding the characteristics and risk elements of the Product itself;
- requests from the Insurance undertaking "target market forms" and / or similar documents, also together with the material referred to in the previous point, containing the description of the target market (and the negative target market, where applicable), including relevant information on the Product approval process;
- coordinates with the Insurance undertaking and receives from the latter the appropriate instructions for acquiring information from customers concerning insurance demands and needs, as well as the criteria and / or forms relating to the assessment of the suitability/ appropriateness of the Products.

The Agent has adequate management systems for the information it receives from the Insurance undertaking, in order to:

- ensure correct reception and, where necessary, timely updating of the same,



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- be able to transmit them in good time to the sales network and to the intermediaries with whom it has collaboration agreements.

## 8.2 Information to be transmitted to the Insurance undertaking

In order to facilitate the Insurance undertaking and collaborate with it in carrying out its activity of monitoring the Product and verifying its consistency with the characteristics, objectives and target market, the Agent transmits, possibly upon request of the Insurance undertaking information related to:

- cases in which it detects that the Products no longer meet the interests, objectives and characteristics of the target market or circumstances arise that aggravate the risk of damage to the customer and which, in the opinion of the Agent, are relevant for the correct and adequate protection of customers;
- activities carried out by the agent in order to adapt to any corrective actions prepared by the Insurance undertaking;
- outcomes of any inspections by the Supervisory Authority at the Agent's premises or on the documentation held by the latter, which are relevant under the Insurance undertaking's POG.

## 8.3 Information shared with the distribution network

The Agent provides to the distribution partners all the information received from the Insurance undertaking on the Products.

Specifically, the Agent ensures that its distribution network:

- knows and respects the distribution strategy suggested by the Insurance undertaking with reference to each Product;
- knows all the relevant information on the Products (characteristics and target market) and uses them correctly, having as the purpose of their work the protection of customers;
- knows and applies the instructions of the Insurance undertaking regarding the evaluation of the consistency and adequacy of the Product with respect to the demands and needs and to the customer profile;
- receives the pre-contractual information documentation to be delivered to the customers before the distribution of the Product.

In addition, the Agent promptly communicates to the distribution network information about any changes in the target market (including negative target market, where applicable) and the distribution strategy, market risks and any corrective actions ordered by the Insurance undertaking.

Where it deems necessary, the Agent will request information from intermediaries with whom he has a collaboration agreement regarding:

- sales made;
- complaints received from customers, even if relating to strictly distribution issues, any circumstance that makes the Product no longer consistent with the characteristics of the target market identified;
- contractual proposals (including the related questionnaires for assessing demands and needs and / or suitability questionnaires) that did not lead to the placement of the contract, in order to assess any critical issues or non-suitability of the Products offered with respect to the identified target market.

## 9 Product distribution arrangements and tools

Within the POG processes regulated in this Policy, the Agent, in line with the relevant regulation and guidelines from Supervisory Authority, assesses:

- whether product distribution arrangements, taking into account the size, organizational



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structure and nature of the Agent:

- are clear enough to prevent and mitigate customer detriment,
- according to the Conflict-of-Interest policy adopted by the Agent, support proper management of conflicts of interest, including those emerging from remuneration practices and from the integration of the customer's sustainability preferences,
- guarantee that the objectives, interests and characteristics of customers are duly taken into account throughout the POG process;
- whether the product distribution arrangements sufficiently take into account the nature, scale and complexity of the relevant business of the Agent, the complexity of the products commercialized and the distribution strategy of the different manufacturers;
- whether the product distribution arrangements adequately take into account all POG aspects, including whether measures and tools exist to ensure that all relevant information on the product and on the target market is received and whether procedures to identify and report any circumstances that may adversely affect the customers are established.

Furthermore, the Agent assesses whether the systems and controls in place are adequate to ensure the distribution strategy chosen is consistent with the target market and with the manufacturer's distribution strategy.

This also relates to the different roles and functions involved in the entire POG process and includes the significance the Senior Management of the Agent has attributed to the product distribution process and its engagement in the POG process.

The Agent periodically reviews its Policy and the product distribution arrangements therein, including its distribution strategy, and related tools or system, in order to ensure that they are always valid and updated with respect to the following circumstances:

- regulatory changes or issuing of guidelines / guidelines by the Supervisory Authorities;
- relevant amendments of agreements with the Insurance undertaking or distribution agreements with other intermediaries such as to affect this POG Policy;
- significant modification of the target market and the essential characteristics of the Products;
- modification of the distribution strategy by the Insurance undertaking.

The distribution arrangements are subject to annual review by the Agent, taking into account the size, scope and complexity of the various Products concerned.

## **10 Responsibility, approval and review**

The Policy is owned by the CEO under the supervision of the Board of Directors.

The Agent shall assess and periodically review, at least on an annual basis, the present Policy, and take all appropriate measures to address any deficiencies. It will also be reviewed whenever monitoring indicates that a change in Policy may be beneficial.

The CEO and the person in charge of Compliance are responsible in verifying activity in compliance with the principles and provisions as laid under in the present Policy and of the adequacy of these rules.

