

## Conflict of Interest Policy

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## Contents

1	Policy .....	3
2	Scope.....	3
3	Governance and Control Mechanisms.....	3
4	Definitions .....	4
5	Policy Application and Process.....	5
5.1	Conflict of interest agreement.....	5
5.2	Training .....	5
5.3	Sources of conflict .....	5
5.4	Investigation.....	6
5.5	Reporting .....	6
5.5.1	Disclosure .....	6
5.6	Performance of duties.....	6
5.7	Outside employment.....	7
5.8	Gifts .....	8
5.9	Financial .....	8
5.10	Vendor relationships.....	8
5.11	Breach of conflict of interest .....	8
5.12	Reservation of rights.....	8
5.13	Responsibility.....	8
5.14	Review .....	9
6	Declaration.....	10
7	Appendix A – Conflicts of Interests.....	10

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# 1 Policy

The purpose of this policy is to establish a standard of conduct and internal processes to ensure that all personnel in CFBF act in the best interests of CFBF and its clients and, in pursuing this goal, maintain standards relating to conflicts of interest.

These standards are intended to enhance public confidence in the integrity of CFBF. CFBF benefits from the expertise of individuals with a multiplicity of interests; however, those interests must not conflict with the interests of CFBF nor impair the public support and respect necessary for the operation of CFBF.

In addition to the forgoing, employees in all their endeavors are to remain cognizant of the fundamental business principles of CFBF of neutrality and impartiality.

# 2 Scope

This policy applies to the CFBF's employees and their relationships both internally and externally with key stakeholders.

In addition, any party that has a controlling interest in the CFBF, both as corporate entity and its ultimate owners, is required to declare any conflicts of interest in accordance with this policy.

The relevant Terms of Reference also govern conflicts of interest for members of the Board and the Oversight Committee and prevail over this policy in case of any conflict.

# 3 Governance and Control Mechanisms

The CFBF has in place robust governance arrangements which include a clear organisational structure with well-defined, transparent and consistent roles and responsibilities for all persons involved in the provision of CFBF's benchmark.

The CFBF has taken adequate steps to identify and to prevent or manage conflicts of interest between themselves, including their managers, employees or any person directly or indirectly linked to them by control, and contributors or users, and to ensure that, where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.

CFBF's relations with contributors are governed by adequate control mechanisms. The CFBF has in place a Code of Conduct for contributors which outlines the responsibilities of the contributors which is overseen by the Oversight Committee.

CFBF operates with a clear segregation of roles and responsibilities to mitigate Conflicts of Interest, with final sign off by an Oversight Manager before the dissemination of the Benchmark.

CFBF has established an independent Oversight Committee whose membership is comprised of a balanced representation of stakeholders, including users and contributors. This committee is an independent body whose activities are detailed in the CFBF17013 OC Rules and Procedures document.

## 4 Definitions

### Employee

“Employee” is defined as a natural person, employee, employees, staff, contractors, consultants, directors and all paid personnel of CFBF. Where the word employee is used it is deemed to refer to all the above and any other individual(s) employed by the parent company (of the CFBF) Global Rate Set Systems (GRSS) that perform outsourced services as defined in the Services Agreement made between GRSS and CFBF. **Conflict of Interest**

A conflict of interest can be defined as ‘a situation where an individual or employee, or the organisation he/she represents or has an interest in, has a direct or indirect competing interest with CFBF’s activities. This competing interest may result in the individual being in a position to benefit from the situation or it may prevent CFBF from being able to achieve a result in its best interest, or both.

A conflict may arise where an individual is a party to a contract with CFBF or has an interest in an enterprise, or is related to a person who is party to such a contract; or where an individual receives payment by CFBF for services rendered to CFBF other than reimbursement for reasonable out-of-pocket expenses measured according to CFBF’s policies on expense reimbursement.

Conflict of interest for CFBF also includes conduct which is not in keeping with its core values and principles. In particular, the principles of neutrality and impartiality cannot be comprised.

Conflict of interest includes, but is not limited to situations:

- Where an employee’s private affairs or personal financial interests are in conflict with their work duties, responsibilities and obligations, or result in a public perception that a conflict exists.
- Where an employee may be dealing in personal accounts where there may be a potential benefit to that employee through their involvement with CFBF which could impair the employee’s ability to act in the best interest of CFBF.
- Where the actions or inaction of an employee would compromise or undermine the trust that clients (or key stakeholders) place in CFBF.

Where an employee participates in entities making licensed or unlicensed use of any benchmark information calculated by CFBF:

- Participation, or trading in financial instruments that are related to information calculated by CFBF activities.
- Financial interest, other than contractual, in any entity that is an Administrator of a benchmark where CFBF activities are involved.

For the purpose of this Policy, conflicts of interest are defined as follows:

- **Actual conflict of interest:** A situation in which an individual’s personal or business interests do compromise the impartiality and objectivity of his decision, opinion, or recommendation.
- **Potential conflict of interest:** A situation in which an individual’s personal or business interests could compromise, or appear to compromise, the impartiality and objectivity of his decision, opinion, or recommendation.
- **Perceived conflict of interest:** A situation in which an individual’s personal or business interests might be seen as compromising the impartiality and objectivity of his decision, opinion, or recommendation, even if no actual undue influence exists. Perceived conflicts can be either potential or actual.

## 5 Policy Application and Process

### 5.1 Conflict of interest agreement

Before or upon assuming their official duties, employees shall sign the Conflicts of Interests Policy declaring that they have read it and agree to abide by it. This includes declaring in writing any perceived, potential or actual conflicts of interests (Appendix A – Disclosure Form). In declaring any potential conflicts of interest, employees are required to consider whether the activity has the potential for conflict or financial gain through the employee's knowledge or involvement with CFBF. If they are unsure they may submit an emailed enquiry to the CFBF Compliance Officer.

Employees are required to review the conflicts of interest declaration annually. If there are any new activities that arise prior to the annual review re-signing, employees are required to disclose these activities using Appendix A - Disclosure Form.

In accordance with BMR, and for the avoidance of doubt, no employee who is directly involved in the provision of a benchmark produced by the CFBF may have any interests or business connections that compromise the activities of the CFBF.

### 5.2 Training

All new employees must complete the induction training program. This includes detailed and specific training on potential conflicts of interest situations including a range of examples and situations. Employees are then tested on their understanding of what constitutes a conflict of interest, the results of these tests are recorded and reviewed by the CFBF Compliance Officer.

All employees shall immediately disclose to the CFBF Compliance Officer, via email, any business, commercial or financial interest where such interest might be construed as being in real, potential or apparent conflict with their official duties.

### 5.3 Sources of conflict

A conflict of interest may arise within the CFBF due to its ownership structure, controlling interests or other activities conducted by any entity owning or controlling it or by an entity that is owned or controlled by the administrator or any of the administrator's affiliates.

This conflict of interest policy operates on the basis of self-disclosure. However, under the CFBF Whistleblowing Policy, all employees are able to raise concerns and this includes potential breaches of conflicted interests. When such a concern is identified, the employee shall immediately contact the CFBF Compliance Officer by email. Upon receipt of such an email the CFBF Compliance Officer records the raised concern in the Conflict of Interest Register and undertakes a review as per the procedures described in 5.4 *Investigation* below. Additional sources of conflict may be identified through the annual review, whistleblowing and ongoing disclosure process.

As new potential sources of conflict are identified through the CFBF Conflict of Interest Register, these areas are included in subsequent training and induction material to ensure that new and existing employees are aware of potential areas for breach of this policy.

GRSS has a controlling interest in the CFBF. To manage any real, potential or apparent conflicts of interest arising from GRSS's control of the CFBF this policy also applies to the directors of GRSS. In so far as the directors of GRSS may exercise influence or control over the CFBF in relation to its determination of the benchmark the directors are required to declare any real, potential or apparent conflicts of interest by

signing this Conflicts of Interests Policy declaring that they have read it and agree to abide by it. This includes declaring in writing any perceived, potential or actual conflicts of interests (Appendix A – Disclosure Form).

## 5.4 Investigation

All enquiries, declarations, testing results, annual reviews and initial investigations are managed by the CFBF Compliance Officer. The CFBF Compliance Officer will review all disclosures and determine whether or not the disclosed conflict breaches this policy and any contractual obligations of CFBF.

In all cases of disclosure the CFBF Compliance Officer will instigate an investigation by convening the Risk and Compliance Committee. The Committee will review and determine the course of action to be taken and whether or not a client or external entity is impacted.

The Committee will determine whether or not the conflict of interest is able to be removed, and if so will take steps to achieve this. The Czech National Bank (CNB) should be notified of all situations determined by the Compliance Officer as having the potential for conflict or financial gain i.e. whenever the conditions for instigating an investigation by the Risk and Compliance Committee are fulfilled. Subject to privacy and legal issues, and contractual notifications of conflict of interest disclosure requirements, any affected clients will be notified by an agreed method of disclosure.

If such a conflict of interest cannot be adequately managed, the CNB may require the CFBF to either cease the activities or relationships that create the conflict of interest or cease providing the benchmark.

## 5.5 Reporting

All initial and ongoing disclosures are stored in the CFBF Conflict of Interest Register. All stages of investigation and resulting actions, as well as external disclosure are recorded in this register.

Regardless of whether or not the breach is disclosed to an external party (client), there may be implications for the employee such as further training, disciplinary measures or termination of employment. Where the Risk and Compliance Committee determine the matter to have no impact on the client or external party and therefore does not require disclosure then the reasoning is recorded on the register.

### 5.5.1 DISCLOSURE

CFBF shall publish or disclose all declared existing or potential conflicts of interest to users of a benchmark, to the CNB and, where relevant, to contributors, including conflicts of interest arising from the ownership or control of CFBF.

In the event that a public disclosure takes place, CFBF will publish the conflict of interest on its website.

## 5.6 Performance of duties

The CFBF has established, and operates, adequate policies and procedures, as well as effective organisational arrangements, for the identification, disclosure, prevention, management and mitigation of conflicts of interest in order to protect the integrity and independence of benchmark determinations. Such policies and procedures are regularly reviewed and updated. The policies and procedures take into account and address conflicts of interest, the degree of discretion exercised in the benchmark determination process and the risks that the benchmark poses.

CFBF policies and procedures specifically mitigate conflicts of interest due to the administrator's ownership or control, or due to other interests in the CFBF or as a result of other persons that may exercise influence or control over the administrator in relation to determining the benchmark.

CFBF ensures that their employees who are directly involved in the provision of a benchmark:

- are not subject to undue influence or conflicts of interest and that the compensation and performance evaluation of those persons do not create conflicts of interest or otherwise impinge upon the integrity of the benchmark determination process;
- are subject to effective procedures to control the exchange of information with other employees involved in activities that may create a risk of conflicts of interest or with third parties, where that information may affect the benchmark.
- shall not vote on, or participate in, any discussion about a resolution to approve a contract in which he/she has any interest, nor will an employee approve and/or sign off on such circumstances.

In the performance of their duties, employees and subcontractors must not:

- Place themselves in a position of obligation to persons who might benefit or appear to benefit from special consideration with respect to CFBF business.
- Have a monetary interest that would conflict with the discharge of the duties owed to CFBF.
- Disclose, discuss, use, disseminate take advantage of, potentially or actually benefit or appear to benefit from the use of information not generally available to the public and which has been acquired during their official CFBF duties.
- Communicate with any level of government, or with any elected or appointed government official in relation to the business of CFBF, unless they have specific CFBF authorisation.
- Assist private entities or persons in their dealings with CFBF where this could result in preferential treatment to any person.
- Directly or indirectly use, or allow the use of, CFBF property or information for anything other than officially approved activities.

## 5.7 Outside employment

Employees may engage in remunerative employment with another employer, contractor's activity, carry on a business, or receive remuneration from public funds for activities outside their position provided that:

- It does not interfere with the performance of their duties
- It does not bring CFBF into disrepute
- They do not have an advantage derived from their employment as a CFBF employee.
- It is not performed in such a way as to appear to be an official act or to represent the CFBF's public positions or policies, including the core values.
- It does not involve the use of CFBF premises, services, CFBF email address, equipment or supplies to which the employee has access by virtue of their employment, unless official authorisation is secured.

## 5.8 Gifts

Employees must avoid appearance of favoritism in all of their dealings on behalf of CFBF and not accept personal gifts from those doing business or seeking to do business with CFBF.

The details of this matter are further governed by the Group' Gifts, Business Meals and Business Entertainment Policy.

## 5.9 Financial

Employees must not commit CFBF to any unauthorised expenditure or other liability and must ensure that all commitments are approved in accordance with the appropriate by-laws, regulations and policies including all appropriate consultations and approvals.

## 5.10 Vendor relationships

Employees in leadership roles will not perform fee for service responsibilities for CFBF in addition to their responsibilities as an employee. Nor will employees sell goods to CFBF, unless by specific approval of the CFBF Board of Directors.

Goods shall not be purchased from relatives of an employee without consultation with a Business Manager and in such circumstances a determination should be made as to whether the correct processes were undertaken and what the impact of the decision will be in regards to conflicts of interest. Where there is doubt on the subject, the issue is to be referred to the CFBF Board of Directors.

## 5.11 Breach of conflict of interest

Employees are required to email the CFBF Compliance Officer as soon as practicable whenever they have any question as to whether a particular circumstance may place them in a potential or actual conflict of interest.

Employees who fail to comply with these standards during the course of their employment will be subject to disciplinary processes, including potential dismissal from employment with CFBF.

Employees who fail to comply with these standards following termination of employment with CFBF hereby acknowledge that the disclosure of confidential information will result in irreparable harm to CFBF and CFBF shall have the right to enforce its lawful rights and remedies against any offending person.

## 5.12 Reservation of rights

Where an individual fails to disclose a conflict or an interest according to this policy or according to other laws or regulations in Czech Republic, CFBF reserves all rights it may have to deal with the contract, conflict and individual involved.

## 5.13 Responsibility

The CFBF Compliance Officer, is responsible for advising stakeholders, maintaining, monitoring, and revising this policy; and for authorizing exceptions. Members of the Risk and Compliance Committee are responsible for investigating potential breaches of this policy that may impact on the integrity of CFBF and determining whether or not the breach impacts the client or external party before disclosure, subject to legal and privacy



issues. In addition they are responsible for applying and implementing this policy in each of their respective areas.

## 5.14 Review

This policy will be reviewed by the CFBF Compliance Officer on an annual basis. All employees will be required to re-sign their Declaration of Conflict of Interest on an annual basis. All records of meetings and any findings will be published on the CFBF SharePoint system.

## 6 Declaration

I have received the Conflicts of Interest Policy and have read and understood its contents. I agree to abide by this Policy.

Name:
Organisation:
Position:
Signature:
Date:

## 7 Appendix A – Conflicts of Interests

Please describe any conflicts of interest that you have or may potentially have in accordance with the CFBF Conflicts of Interest Policy.

In the event that an actual, perceived or potential conflict of interest arises you are required to update this document and forward as soon as practicable to the CFBF Compliance Officer.

If you are unsure if the activity or arrangement constitutes a conflict contact the CFBF Compliance Officer for a confidential discussion and appraisal.

Conflict of Interest	Nature of Conflict	Date