

CBF Conflict of Interest Policy

Date: November 2020

Original Release: October 2019

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1 Policy

The high level of customer and supplier support and respect that CBF enjoys results not only from the recognition of its high-quality services, but from the high degree of integrity, objectivity, and professionalism of CBF employees. The purpose of this policy is to establish a standard of conduct and internal processes to ensure that all personnel in CBF act in the best interests of CBF and its clients and, in pursuing this goal, maintain standards relating to conflicts of interest.

The independent oversight of CBF's operations by the CBF Oversight Committee enhances the integrity and reliability of the CBF's activities. The Oversight Committee is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks (July 2013). Members of the Oversight Committee have a requirement to declare any perceived or actual conflicts of interest, as defined in the CBF Oversight Committee Terms of Reference.

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

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

2 Scope

This policy applies to the CBF's employees and members of the Oversight Committee and their relationships both internally and externally with key stakeholders.

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

3 Governance and Control Mechanisms

The CBF 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 CBF's benchmarks.

The CBF has taken adequate steps to identify and prevent or manage conflicts of interest between its employees, including their managers, or any person directly or indirectly linked to them by control. Conflicts of interest arising within contributor organisations (Panel Banks) is managed through the CBF Panel Bank Code of Conduct. The measures within the CBF Panel Bank Code of Conducts are there to ensure that, where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.

CBF's relations with Panel Banks are governed by adequate control mechanisms. Panel Bank adherence to the Panel Bank Code of Conduct, and the code itself, is overseen by the Oversight Committee.

CBF operates with a clear segregation of roles and responsibilities to mitigate Conflicts of Interest. The benchmark determination process itself has a structured approach with the final sign-off of each benchmark determination being performed by an Oversight Manager before the dissemination of the benchmarks can occur.

4 Definitions

Employee

Employee is defined as a natural person, employee(s), staff, contractors, consultants, directors and all paid personnel of CBF. 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 CBF) Global Rate Set Systems (GRSS) that perform outsourced services as defined in the Services Agreement made between GRSS and CBF.

Conflict of Interest

In the context of an Employee or individual

A conflict of interest can be defined as 'a situation where an employee or individual, or the organisation they represent or has an interest in, has a direct or indirect competing interest with CBF's activities. This competing interest may result in the individual being able to gain benefit from the situation or it may prevent CBF 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 CBF 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 CBF for services rendered to CBF other than reimbursement for reasonable out-of-pocket expenses measured according to CBF's policies on expense reimbursement.

Conflicts of interest for CBF 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 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 a potential benefit to that employee, through their involvement with CBF, could impair the employee's ability to act in the best interest of CBF.
- Where the actions or inaction of an employee would compromise or undermine the trust that clients (or key stakeholders) place in CBF.

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

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

In the context of a member of the Oversight Committee

To mitigate any potential conflicts of interest all Oversight Committee members appointed on a personal basis must be independent and must not be subject to instructions from the companies or organisations to which they belong. Prior requirement shall not apply to members who have been appointed as representatives of the Panel Banks or another entities from Oversight Committee composition. Accordingly, on an annual basis each member of the Oversight Committee must submit and sign a declaration of interest whereby members shall declare any relevant interests. Declared conflicts of interest, if the information declared is not classified as confidential, will be made publicly available on the CBF website.

Conflicts of interest which may arise within the Oversight Committee due to competing interests shall be managed using, where appropriate, the following non-exhaustive list of procedures:

- External Oversight Committee members should have their voting rights suspended for decisions that would have a direct business impact on the organisations they represent.
- Oversight Committee members are required to disclose conflicts ahead of the discussion of each agenda item during meetings of the Oversight Committee.
- Oversight Committee members should excuse themselves from specific discussions of agenda items which would cause them to become conflicted, either prior to the agenda item being discussed or during discussion should a conflict arise at that time. Details of any exclusion are to be recorded in the minutes of any relevant meeting and redact such minutes prior to publication.
- Oversight Committee members that are excused from discussion to avoid conflicts will have their voting rights removed for decisions relating to the specific agenda item.
- Persons already sitting on the oversight function of another benchmark administrator may not be a member of the CBF Oversight Committee.

Where it is not possible to manage the conflicts of interest through the procedures listed above or by other means, the CBF will revise the structure of the Oversight Committee and where appropriate, replace the conflicted members.

5 Policy Application and Process

5.1 Conflict of interest agreement

Before or upon assuming their official duties, employees shall sign a declaration stating that they have read and agree to abide by this Conflicts of Interest policy. The declaration will include 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 CBF. If they are unsure, they may submit an emailed enquiry to the CBF Compliance Officer.

Employees are required to renew their 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 good governance practice, and for the avoidance of doubt, no employee who is directly involved in the provision of a benchmark produced by the CBF may have any interests or business connections that compromise the activities of the CBF.

Similarly, members of the CBF Oversight Committee will sign a declaration stating that they have read and agree to abide by this Conflicts of Interest Policy and that they will agree to respect the CBF Oversight Committee Terms of Reference.

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. Employees are tested, subsequent to training, on their understanding of what constitutes a conflict of interest. The results of these tests are recorded and reviewed by the CBF Compliance Officer.

All employees are required to immediately disclose to the CBF 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 CBF 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 requirement of self-disclosure. However, under the CBF Whistleblowing Policy, all employees can raise concerns including potential breaches of conflicted interests. When such a concern is identified, the employee should immediately contact the CBF Compliance Officer by email. Upon receipt of such an email the CBF 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 CBF 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 CBF. To manage any real, potential or apparent conflicts of interest arising from GRSS's control of the CBF this policy also applies to the directors of GRSS. In so far as the directors of GRSS may exercise influence or control over the CBF in relation to its determination of the benchmarks the directors are required to declare any real, potential or apparent conflicts of interest by signing a declaration that they have read it and agree to abide by this Conflicts of Interest Policy. The declaration 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 CBF Compliance Officer. The CBF Compliance Officer will review all disclosures and determine whether the disclosed conflict breaches this policy and any contractual obligations of CBF.

In all cases of disclosure, the CBF Compliance Officer will instigate an investigation by convening the CBF Risk and Compliance Committee. The Committee will review and determine the course of action to be taken and whether a client or external entity is impacted.

The Risk and Compliance committee will determine whether or not the conflict of interest is able to be removed, and if so will take steps to achieve this. 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 CBF will 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 CBF Conflict of Interest Register. All stages of investigation and resulting actions, as well as external disclosure, are recorded in this register.

Regardless of whether the breach is disclosed to an external party 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

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

If a public disclosure is required, the CBF will publish the conflict of interest on its website.

5.6 Performance of duties

The CBF 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 consider and address conflicts of interest, the degree of discretion exercised in the benchmark determination process and the risks that the benchmark poses.

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

CBF 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 they have any interest, nor will an employee approve or sign off on such circumstances.

In the performance of their duties, employees must not:

- Place themselves in a position of obligation to persons who might benefit or appear to benefit from special consideration with respect to CBF business.
- Have a monetary interest that would conflict with the discharge of the duties owed to CBF.
- 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 CBF duties.
- Communicate with any level of government, or with any elected or appointed government official in relation to the business of CBF, unless they have specific CBF authorisation.
- Assist private entities or persons in their dealings with CBF where this could result in preferential treatment to any person.
- Directly or indirectly use, or allow the use of, CBF 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 CBF into disrepute
- They do not have an advantage derived from their employment as a CBF employee.
- It is not performed in such a way as to appear to be an official act or to represent the CBF's public positions or policies, including the core values.
- It does not involve the use of CBF premises, services, CBF 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 the appearance of favouritism in all their dealings on behalf of CBF and not accept personal gifts from those doing business or seeking to do business with CBF.

5.9 Financial

Employees must not commit CBF 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 CBF in addition to their responsibilities as an employee, nor will they sell goods to the CBF, unless by specific approval of the CBF Board of Directors.

Goods shall not be purchased from relatives of an employee without consultation with a business manager and in such circumstances that 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 CBF Risk and Compliance Committee.

5.11 Breach of conflict of interest

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

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

Employees who fail to comply with these standards following termination of employment with CBF hereby acknowledge that the disclosure of confidential information will result in irreparable harm to CBF and CBF 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 of interest according to this policy or according to other laws or regulations in Chile the CBF reserves all rights it may have to deal with the contract, conflict and individual involved.

5.13 Responsibility

The CBF Compliance Officer, is responsible for advising stakeholders, maintaining, monitoring, and revising this policy; and for authorising exceptions. Members of the Risk and Compliance Committee are responsible for investigating potential breaches of this policy that may impact on the integrity of CBF and determining whether the breach impacts the client or external party before disclosure, subject to legal and privacy issues. In addition, the Risk and Compliance Committee is responsible for applying and implementing this policy in each of their respective areas.

5.14 Review

This policy will be reviewed by the CBF Compliance Officer on an annual basis. All employees and members of the CBF Oversight Committee will be required to re-sign their Declaration of Conflict of Interest on an annual basis. All records of meetings to consider declared conflicts of interest and any resultant findings will be published on the CBF SharePoint system.