



Policy for handling conflicts of interest and internal knowledge

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Companies obligated by this document

"Company" in this document means:
A/S Global Risk Management Ltd. Fondsmæglerselskab
A/S Global Risk Management Ltd. FS Holding ¹
A/S Global Risk Management Ltd. Holding

Related procedures

Procedure
N/A

Document review and sign-off

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Revision history

Version	Changes to the policy	Basis for changes	Legal basis
1.4	Annual review	N/A	Duty of supervision
1.5	Annual review	N/A	Duty of supervision
1.6	Inclusion of GRM FS-H and updating legal references	New corporate structure and new legislation	New legislation

¹ Taking into account that the only activity of A/S Global Risk Management Ltd. FS Holding is to hold ownership of the shares in A/S Global Risk Management Ltd. Fondsmæglerselskab.



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1. Introduction

This policy applies to A/S Global Risk Management Ltd. Fondsmæglerselskab and A/S Global Risk Management Ltd. FS Holding (jointly referred to as "GRM FS"). However, considering that the only activity of A/S Global Risk Management Ltd. FS Holding is to hold ownership of the shares in A/S Global Risk Management Ltd. Fondsmæglerselskab².

When the Company provides investment services, there may be a risk of conflicts of interest between the Company and its clients, between different Company teams or clients.

Being an investment company included in the Danish financial regulation, GRM FS must identify any such conflicts of interest, give provisions for handling them, and implement compensating measures.

Further, GRM FS must comply with the Market Abuse Regulation for the special conflict of interest that may arise if GRM FS employees possess internal knowledge.

2. Purpose and scope of this document

The purpose of this document is to identify any conflict of interest that may arise when the Company provides investment services, as well as to set the guidelines for handling any such conflict. Thus, within each area of investment services and/or in each relevant step in the value chain of the Company, this document will specifically address the conflict of interest and advice on compensating measures that must be implemented.

A particular conflict of interest arises when persons providing investment services possess internal knowledge. Being an investment firm trading financial instruments and otherwise acting on the financial markets, GRM FS is included in the scope of the Market Abuse Regulation and must take precautions to identify and prevent the risk of exploiting internal knowledge when trading or providing other investment services.

The goal is that each employee in the Company is aware of any risk of conflicts of interest and knows how to act in the client's best interest. Further, each employee involved in trading must be aware of possible risk events regarding internal knowledge and how to act appropriately to avoid insider trading.

3. External regulation and internal procedure

3.1 Regulation

The essential rules regarding conflicts of interest are included in different acts and guidelines:

- The Danish Act on Investment Firms³ determines that GRM FS must be able to identify and handle potential conflicts of interest that could have an adverse effect on clients' interests.
- The Danish Executive Order on operating and managing financial companies⁴ determines that the company must
 1. have procedures in place for the prevention, identification and management of conflicts of interest;

² A/S Global Risk Management Ltd. FS Holding constitutes an investment holding company because of its direct ownership of 100% of the shares in A/S Global Risk Management Ltd. Fondsmæglerselskab.

³ Act no. 1155/2021 om fondsmæglerselskaber og investeringservice og -aktiviteter , § 51, stk. 1, nr. 7.

⁴ Executive Order no. 1103/2022 om ledelse og styring af pengeinstitutter, § 11.

2. ensure that there is sufficient separation of functions, including that employees who execute, employees who carry out settlement and employees who perform profit and loss statements as well as control and reporting report to their individual managers, and
 3. have clearly defined reporting lines;
- The Danish Executive Order on the organisation and operation of companies trading financial instruments requires GRM FS must take all relevant precautions to identify and prevent or remedy any conflicts of interest⁵.

3.2 Market Abuse Regulation

The Market Abuse Regulation includes the rules on the particular conflicts of interest that may arise in the case of internal knowledge and insider trading⁶.

Articles 7-10 include the definitions for internal knowledge, insider trading and the distinction between legal activities and non-authorized knowledge disclosure. Article 14 contains the specific prohibition of insider trading and non-authorized disclosure of knowledge.

The market abuse regulation also includes rules that GRM FS must comply with when GRM FS is distributing recommendations or other reports that comment on a financial instrument's current or future price. The market abuse regulation is supplemented by the technical standards for the objective distribution of recommendations⁷.

4. Duty of attention and monitoring

The individual members of the management team are responsible for the monitoring and registration of potential and actual conflicts of interest according to their area of responsibility:

- The CFO is responsible for the identification, handling and registration of conflicts of interest within the areas of
 - Onboarding
 - Credit
 - Post-trade activities.
- The CCO is responsible for the identification, handling and registration of conflicts of interest within the areas of
 - Investment services
 - Trading
 - Internal knowledge/insider trading.

Compliance is responsible for maintaining the records of potential and actual conflicts of interest and updating the list of persons with potential possession of internal knowledge. If compliance controls reveal any unregistered or unidentified conflict of interest, compliance must bring this to the attention and immediate handling of the respective management team members.

⁵ Executive Order 921/2017 om de organisatoriske krav til og betingelser for drift af virksomhed som værdipapirhandler, § 9.

⁶ MAR-regulation 596/2014

⁷ MAR-regulation 596/2014, article 20 and regulation no. 2016/958.



5. Definitions

The following definitions are essential to this policy and the related procedures:

5.1 Conflicts of interest

A conflict of interest may arise when GRM FS, GRM FS teams and/or clients have opposite or conflicting interests. Potentially, conflicts of interest when trading financial instruments with clients could arise if

- A trader or a trading company trades a trade that is not in the client's best interest from a hedging perspective.
- If a trader or trading company trades or recommends a trade that gives the company a financial benefit at the expense of the client
- If a trader or trading company have incentives to give preferential treatment to one client over others.

For specific conflicts of interest identified in GRM FS, please refer to section 6 below.

5.2 Internal knowledge

Knowledge that is specific and is expected to affect the price of a financial instrument or commodity spot contract, including

- Specific knowledge that is not published and that could have a noticeable effect on the price if published.
- Knowledge obtained from a client on trades not yet processed if the knowledge refers to one or more financial instruments and would have a noticeable effect on financial instruments or spot contracts if published.

A noticeable effect is expected if a rational investor acts differently upon the knowledge in question.

5.3 Insider trading⁸

When a person possesses and exploits internal knowledge to trade or recommends another person to trade, abstain from trading or otherwise act on this internal knowledge and thus obtain an unfair advantage from this internal knowledge.

5.4 Compensating measures

This means IT systems implementation, guidelines, procedures or controls to prevent or mitigate the risk of conflicts of interest.

6. Identified risk areas for conflicts of interest

Specific conflicts of interest are identified, and implemented compensating measures are provided for within the following business areas.

6.1 Onboarding/AML/KYC (only pertaining to GRM FS)

Conflicts of interest may arise when

- a. ERMs push for trades before KYC and onboarding are complete.
This may constitute a conflict of interest between GRM FS and the client if, at that point in time, GRM FS does not have sufficient information to categorise the client, determine a product range and provide appropriate investor protection.
- b. Front office pushing for trades with clients categorised as residual high risk.

⁸ MAR regulation 596/2014: preamble 23 and article 8



The front office's interest in pushing for trades may conflict with compliance according to AML and the AML policy of the company.

As a compensating measure, trading with a client who is assessed as a high-risk client according to the final risk assessment is not possible unless the AML officer specifically approves and documents the nature of the deviation from normal procedures.

- c. **Unfounded or non-compliant requests for change in a client category**
With the level of investor protection rules being at its highest regarding retail clients, ERMs or clients may be pushing the client to opt up to another client category (professional).

This may not be in the client's best interest since the client will lose the investor protection inherent in the evaluation of suitability and appropriateness.

To reduce this conflict of interest, the initial client categorisation is based on objective criteria and handled automatically by the CRM system. Further, if a client requests to change client category – the change from retail to professional must be evaluated thoroughly according to Appendix 1 to the Order on Investor Protection⁹.

6.2 Credit

Conflicts of interest may arise when

- a. Trading commences before the credit evaluation is completed or the credit has expired; thus, a conflict of interest may arise between the front office team and the credit risk mandates set by the board. Further, it may not be in the client's best interest to trade if financial fundamentals have changed and thus are not included in the credit evaluation performed by GRM FS.

To prevent trading where there is no credit line, a system supports a full trading stop when the client framework regarding credit is exceeded.

- b. GRM FS grants credit based on insufficient or fraudulent information, despite GRM FS credit or risk policy or against the better knowledge of the employee applying for or granting the credit. Besides the credit risk, a conflict of interest arises between the front office team and the company risk policy.

As a compensating measure, the CRM system guides the collection of the financial information needed. The credit rating and evaluation are based on objectively determined financial ratios and qualitative client evaluations. Further, the task of credit approval is segregated from the ERMs so that no one person can apply and approve. The compliance function makes a sample test of the rating quality.

6.3 Investment services and trading

Conflicts of interest may arise when

- a. GRM FS distributes market comments, evaluations and analyses regularly
With GRM FS distributing market comments, a conflict of interest may arise if the content is presented in a way that urges clients to trade more than an objective market comment, and it is not clear to the reader what is objectively presented facts and what is subjective evaluations.

⁹ Bekendtgørelse nr. 1580 af 17. december 2018, Investorbeskyttelsesbekendtgørelsen.



To prevent market comments from being misinterpreted by the client or otherwise biased, GRM FS uses a template that clearly distinguishes between presented objective facts and subjective assessments. Further, GRM FS has implemented the other content requirements according to the regulation¹⁰.

- b. The ERMs in the front office team are asking the group internal trading desk for quotes and trading on own account; thus, there may be a conflict of interest between optimising the group portfolio and providing the best offer to the client if GRM FS is not acting independently of group interests.

The ERMs have trading platforms available, thus being able to compare and evaluate quotes to the market. When offering hedging solutions to clients, GRM FS enters bilateral OTC derivative agreements with clients. And regarding price negotiations, GRM FS and the clients have opposite interests. Clients always have the option to request a price with a third-party hedging provider to assess whether the hedging solution and price offered by GRM FS are the best match for this client. GRM FS aims to provide competitive pricing to be an attractive hedging partner for clients. Thus, the ERMs in the front office team do not have the incentive, insight, or possibility to trade to optimise an internal portfolio.

To prevent conflicts of interest, the responsibility for the overall portfolio and the group's, internal trades are separated from the front office team in a different legal entity.

- c. Entering trade with exceedance of client framework other than credit
There may be an alignment of the ERMs and the client's interests to push for trading, although the client framework is otherwise exceeded.

The client framework is visible on the ERMs trading screen when they enter the trade details. Thus, it is immediately brought to the ERM's attention through the trading screen and on-screen warnings if the client framework is compromised in a way that invokes a full trading stop and/or subsequent handling.

To reduce the risk of client framework exceedance without immediate subsequent attention, evaluation and handling of the exceedance will be included in executive management reports and the ERM's task list.

Regularly, compliance monitors and performs sample tests of exceedance handling and documentation.

- d. Performance-dependent salaries
The salaries of the ERMs in the front office team and other significant risk-takers do, to some extent, depend on the profit made. This could potentially incentivise the ERMs to push for trades not aligned with the client's best interest or for other significant risk-takers to approve such trades.

The variable salary share is capped to reduce this incentive and is dependent on team performance measures and relevant risks.

6.4 Post-trade activities

Valuation agent position

With GRM FS being a valuation agent in the financial contracts traded with clients, a conflict of interest could arise from the fact that GRM FS itself calculates the clients' positions on price curves delivered from the group's internal trading desk, thus being able to do a biased valuation for liquidity or risk reduction purposes.

¹⁰ EU regulation: 2016/958.



GRM FS is avoiding this possible conflict of interest by using prices delivered from third- parties. On a daily, weekly and monthly basis, GRM FS uses these third-party prices to control that the prices used for valuations do not deviate beyond predefined ranges from the third-party prices. GRM FS subscribes to prices from several different independent third-party price providers.

6.5 Internal knowledge

Use of internal knowledge

When providing risk management advice or getting client insights and being part of USTC, ERMs or other GRM FS employees could obtain information on clients, demand/supply in specific locations with low liquidity, etc., that could be used as an unfair advantage when trading. Further, when performing the credit evaluation/credit renewal of clients in the shipping or supplier segment, Bunker Holding is asked to comment on the client's creditworthiness.

The risk of insider trading in GRM FS to gain personal gain is limited. GRM FS does not trade with natural persons, and the ERMs or other relevant persons, such as the executive management, can't trade on their own personal behalf.

However, regulative instruments such as insider lists are implemented to prevent the ERMs or GRM FS from taking advantage of knowledge or passing on knowledge that could affect the financial instruments or underlying asset prices if they were to be disclosed. ERMs are made aware of the definition of internal knowledge and the distinction between insider trading and legal behaviour.

Further, in all other aspects than credit comments, no client or demand/supply information is exchanged between GRM FS and group entities.

7. General guidelines to avoid conflicts of interest

The identified risk areas where conflicts of interest may occur give rise to the following specific guidelines to be applied in the relevant business areas.

7.1 Onboarding/AML/KYC (only pertaining to GRM FS)

- Trading may not commence when onboarding/KYC is not complete unless this is approved and well-documented by the executive management.
- ERMs or others may not urge clients to opt up to a client category with a lower level of protection.

7.2 Credit

- Trading may not commence or continue if the credit evaluation is not complete or the credit has expired.
- Credit approval is always separated from credit evaluation, and approval is granted according to the mandates given by the board in the credit policy.

7.3 Investment services/trading

- The front office team must at any time act independently of the position of the group's internal trade desk.
- ERMs must always be aware and secure documentation of the nature of the client dialogue or request to ensure that clients receiving risk management advice are treated accordingly.



7.4 Post-trade activities

Prices used to value client positions are compared, and variance is tested against third-party prices on a daily and weekly basis. At settlement, the prices used are compared to several third-party prices.

7.5 Internal knowledge

- Sharing of client information between GRM FS and other group companies on joint clients is only allowed due to the normal course of business, for instance, when
 - Necessary for credit evaluation purposes
 - Joint sale activities towards the client.
- It is not allowed for ERMs to trade with clients with whom they somehow have close relations.
- ERMs must immediately disclose to the sales director if they are closely connected to client companies.