

Summary of MBCF Conflicts of Interest Policy

Overview

In view of the nature of MBCF business model, services offered and activities performed, MBCF must take all appropriate steps to identify to eliminate or manage conflicts of interests between MBCF and its clients; between employees, agents or any other entity linked to MBCF by control and its clients and between clients of MBCF.

In accordance with AMF rules, MBCF must identify and to eliminate or manage conflicts of interests between MBCF and its clients; between employees, agents or any other entity linked to MBCF by control and its clients and between clients of MBCF.

In the event that MBCF is not fully confident that the arrangements put in place to prevent a conflict of interest adversely affecting the interest of a client will be effective, they must disclose this to a client clearly, including a description of the conflict(s) and the steps MBCF is taking to mitigate the associated risks. Disclosure of this type should be considered a last resort once all other possible measures to prevent or manage the conflict have been considered.

The following guidance sets out how to identify, report and manage potential conflict of interests that may arise and any other action required of you.

Conflicts of interest can arise between:

- the interests of MBCF and those of its clients;
- the interests of different clients;
- the interests of employees and agents of MBCF and its clients; and
- the interest of MBCF and MBCL.

The senior management of MBCF has a responsibility to set clear framework for identification and management of conflicts of interest. If conflicts are not properly identified and reconciled, this could lead to loss of revenues, legal action against MBCF, criticism or censure from a regulatory body (which might also include a private warning which will form part of the firm's compliance history) or harmful publicity. The Compliance department support the Management Committee in identifying and monitoring of conflicts of interest, either actual or potential.

Identifying Conflicts of Interest

When evaluating a specific activity or arrangement, we consider the following important factors to identify whether a potential conflict of interest may exist.

Whether we, our employees or any agents of the firm:

- are likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- have an interest in the outcome of a service provided to the client (or of a transaction carried out on behalf of the client) which is distinct from the client's interest in that outcome;
- have a financial or other incentive to favour the interest of another client (or group of clients) over the interests of the client;
- carries on the same business as the client; or
- receive an inducement in relation to a service provided to the client, in the form of monetary benefit or non-monetary benefit (goods or services) other than the standard commission fee for that service.

Conflicts faced by MBCF, its employees and related entities are recorded on our internal Conflicts of Interest register.

Our staff are trained and reminded to be mindful of potential personal conflicts of interest, for example:

- Gifts and entertainment
- Personal account dealing
- Outside business interests

We have specific policies in place to address the above risks.

Preventing and Managing Conflicts of Interest

When conflicts of interest arise, we will endeavour to manage them fairly and effectively. Controls put in place will be documented on the Conflicts of Interest register.

We will consider a number of factors in identifying appropriate measures to manage conflicts of interest. These include:

- effective procedures to prevent or control the exchange of information, which should include document classification, security and computer protections and/or confidentiality agreements;
- effective measures to prevent the misuse of information, which include monitoring of orders and transactions, communications monitoring, policies on execution and order management;
- separate supervision of relevant persons;
- removal of direct remuneration links;
- measures to prevent or limit any person from exercising inappropriate influence;
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities; and
- Appropriate management information provided to supervisors.

Separation of function

Separation of functions is achieved through proper management structures. These structures ensure that decisions in a particular operational area are taken as matters of independent judgement without knowledge of, or regard to, the wishes, intentions, interests or the confidential information in the possession of any competing or conflicting operational areas. These structures can be reinforced by Chinese Walls when appropriate.

Our Senior Management are required, when considering any additional business functions or a re-organisation of existing functions and reporting lines to consider and document the impact from a conflict of interest perspective. In particular, they will identify how the changes address the need to maintain an appropriate separation of operational functions and management responsibility in order to facilitate the elimination or management of conflicts of interest.

Management of Information Flows

Ensuring that information, particularly sensitive or confidential information is not inappropriately or needlessly shared is a key control in the prevention of conflicts of interest. The abuse of confidentiality in terms of unauthorised disclosure or misuse is therefore absolutely prohibited and all members of staff are expected to take all appropriate measures to avoid the accidental disclosure of such information.

Restrictions on Receiving Gifts and Entertainment

Where gifts and/or entertainment are offered to our staff by brokers/trading venues/vendors/other parties they can create a conflict of interest. We have a specific policy covering giving and receiving gifts and entertainment that must be adhered to.

Restrictions on Personal Activity

Activity in a staff member's private life can create a conflict or potential conflict. In particular, personal account dealing and outside business interests must be carefully considered and where, necessary controlled. To this end, staff members are required to comply with the PA Dealing Policy and to declare all outside business interests.

Restrictions on Inducements and Payment for Order Flow

Brokers/trading venues/other parties may offer monetary or non-monetary (e.g. 'free' investment research) inducements to MBCF in order to encourage us to direct business towards them creating a conflict of interest if doing so would not be in the clients best interest. All such offers will be considered very carefully in light of the potential conflicts they pose. MBCF does not accept payment for order flow from brokers.

MBCF does not receive any monetary inducements relating directly to the investment services provided to specific clients. MBCF does occasionally receive limited hospitality from industry participants in accordance with our Gifts and Entertainment policy. We do not consider this creates a conflict with the interests of our clients.

MBCF does receive certain minor non-monetary benefits, for example market briefings and notes, which is typically unsolicited and which present no material conflict of interest with those of our clients given the minimal value we attach to these products or services.

Disclosure of Conflicts of Interest

If we are not confident that the measures it has put in place are sufficient to effectively eliminate or manage a conflict so that the risk of damage to a client's interests has been addressed our clients will be informed.

The client will be informed:

- of the general nature and/or sources of the relevant conflict of interest and the steps MBCF has taken to mitigate those risks;
- in a durable medium; and
- in a manner that the client is able to understand and will enable them to take an informed decision with respect to the service being provided in the context of the conflict of interest.

Our approach to disclosing these conflicts to clients will be to publish them on this website and to send an email to all potentially affected clients.

Conflicts from Outsourcing, Agents and Introducing Brokers

Outsourced Activities

As is common practice for many firms, MBCF may utilise external parties for the provision of services. Any such arrangement or outsourcing agreement must only be entered into if and when a comprehensive assessment of potential conflicts of interest has been conducted.

Agents and Introducing Brokers

In the course of its business, we may retain the services of an agent or introducing broker to assist in finding and retaining potential customers. We have specific procedures that must be followed in entering into agency or introducing broker agreements. These procedures require an assessment of potential conflicts is carried out and the controls that are in place to eliminate or manage any identified conflicts are recorded.

Conflicts Monitoring

Our Compliance function conducts monitoring on the effectiveness of controls relating to the prevention and management of conflicts on a risk based approach. This monitoring takes two forms:

- Monitoring of adherence to specific policies such as the Gifts and Entertainment Policy, the PA Dealing Policy, the Client Order Execution Policy, the New Product Approval Process; and
- Risk based reviews of local conflicts controls based on the materiality of conflict.

In addition, on a periodic basis and at least annually Compliance will review the use of disclosures, to ensure they are being used as a last resort only where other control measures have been implemented but are not able to provide confidence to our senior management that the risk of client detriment is fully managed.

Related Policies

We have a number of internal policies to address conflicts of interest including:

- Conflicts of Interest Policy and Register
- Personal account dealing Policy
- Gifts and Entertainment Policy
- MBCF Business Conduct and Ethics Policy
- New Product Approval Process
- Client Order Execution Policy
- Guidelines for Managing Potential Conflicts with Mitsui & Co and Other Group Companies

Record Keeping

We keep records of activity carried out by or on behalf of the firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen for 5 years.

This is achieved through the maintenance of the Conflicts of Interest Register and our Compliance breaches register for recording any instance where the controls put in place to eliminate or manage a particular conflict have been identified as having not been effective.

Mitsui Bussan Commodities (France)
a subsidiary of Mitsui Bussan Commodities Ltd.,
joint stock company with a shared capital of 10.500.000 euros
whose registered office is at 112, avenue Kleber 75116 Paris, France,
incorporated at the commercial registry of Paris under the number 852 297 878 with a VAT No. FR 30852297878
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