



# Conflict of Interest Policy

EthiFinance Sustainability (EFS)

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# 1. Introduction

EthiFinance Sustainability (EFS) is a provider of ESG ratings and assessments and sustainable finance solutions for various types of clients. In this context, EFS acts as a provider of ESG ratings as a regulated entity under applicable EU regulatory requirements, while also carrying out other compatible, non-regulated activities.

We take very seriously the risk of actual or perceived conflicts of interest arising from our range of business activities and are committed to operating with transparency, independence, and in full compliance with the applicable legal and regulatory requirements.

The purpose of this policy is to set out the framework adopted by EFS to identify, prevent, assess, manage, monitor and disclose actual or potential conflicts of interest, arising from EFS activities.

This policy is aligned with the Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities and with relevant international standards for financial market issuances applicable to approved verifiers, including applicable sustainability-related ICMA and CBI standards. It further complements the *EthiFinance Group Code of Ethics* which establishes the principles and guidelines of professional conduct applicable to all employees of the Group.

## 2. Definitions

### - Conflict of interest:

Any situation in which personal, financial, commercial, or organizational interests may bias, influence, or appear to influence, the independence, objectivity, or impartiality of an ESG activities, especially ESG ratings, opinions, or scorings.

### - EthiFinance (EF)

EthiFinance Group defined as EthiFinance SAS, the legal entity itself and all its subsidiaries and branches, which is the sole owner of EFS.

### - EthiFinance Sustainability (EFS)

EthiFinance Sustainability (EFS), part of EthiFinance Group, is the regulated entity under Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities, involved in the provision of ESG ratings, ESG Data, Second-Party Opinions and ESG assessments, collectively referred to as “ESG activities”.

### - EthiFinance Sustainability employees (EFS employees)

Analysts or personnel directly involved in the ESG activities, assessment and approval processes, or who may influence the determination or outcome of ESG assessment.

### - Contracted analysts

Any individual engaged by EFS under a contractual arrangement to perform analytical tasks in relation to ESG activities, who is not employed by EFS but acts under its direction, methodologies and control framework. Contracted Analysts shall be subject to the same confidentiality, independence and conflict of interest requirements as EFS employees.

### - Rated entity (or assessed entity)

For the purposes of this Policy, the terms rated entity and assessed entity are used interchangeably and shall have the same meaning. A rated entity (or assessed entity) is any legal person, financial product, financial instrument, financial vehicle, public authority, public law body, or real asset, that is either explicitly or implicitly evaluated in an ESG rating or assessment, whether or not it asked to be rated or provided information for the rating.

### - EFS activities

For the purposes of this policy, EFS activities shall mean all ESG-related business activities carried out by EFS, including products, services, assessments, analyses, opinions, reports, frameworks, and related deliverables. EFS activities are classified into three (3) main categories, based on their regulatory status and nature.

### 1. Regulated ESG Rating Activities

This category covers activities that are regulated within the meaning of Regulation (EU) 2024/3005, which governs the production and distribution of ESG ratings, scorings, and/or opinions. These activities include, but are not limited to:

- ESG Ratings
- Solicited Sustainability Ratings
- Climate Transition Assessments
- Any ESG related assessments, opinions, or scorings falling within the scope of Regulation (EU) 2024/3005

Activities in this category are subject to the specific requirements, governance standards, and conflict of interest rules set out in the Regulation.

### 2. Other Regulated Activities

This category includes activities that are compatible with the regulated ESG rating activities under Regulation (EU) 2024/3005 but may be regulated under other European or local regulatory frameworks.

### 3. Non-Regulated Activities

This category covers activities that are not subject to specific regulatory frameworks but may interact with or support regulated ESG activities. Advisory or consulting activities are excluded from this category. These activities include, but are not limited to:

- Provision of raw ESG data
- Development of bespoke or tailored ESG solutions for financial players
- Second Party Opinions
- EU Taxonomy Assessments
- Regulatory or voluntary sustainability reporting services

Although not regulated, these activities remain subject to internal governance, independence, and conflict of interest controls.

#### - **Management Body**

The Management Body means the highest governing body of the EFS, appointed in accordance with applicable law, which is responsible for setting the strategy, objectives and overall direction of the EFS, overseeing and monitoring management decisions, and effectively directing the business of EFS. Within EFS, this function is performed by the President.

#### - **Compliance Function (CF)**

Independent function responsible for ensuring that EFS's policies, processes, and activities are aligned with applicable regulatory requirements, internal policies, and ethical standards. This includes overseeing compliance risks, managing conflicts of interests, in line with this policy, and supporting the consistent implementation of regulatory and internal obligations across EthiFinance EFS.

#### - **Links:**

For the purposes of this policy, when assessing the existence of a conflict of interest, different types of links may arise. Such links are defined below:

1. Economic Link:

Direct or indirect ownership of any financial instrument of a rated entity, or the direct or indirect participation in its ownership, other than holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance.

*Examples of Financial Instruments*

- a) Transferable securities
- b) Money-market instruments
- c) Units in collective investment undertakings
- d) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
- e) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
- f) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF
- g) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in C.6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
- h) Derivative instruments for the transfer of credit risk
- i) Financial contracts for differences
- j) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.(Annex I, Section C of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments)

2. Work Link: will be considered the:

- a) Participation to the administrative or supervisory board
- b) Employment relationship (defined as a person discharging managerial responsibilities, having access to privileged information and power to make decisions) or business connection, current or recent, with a rated entity. Recent is understood to mean within the last twelve months.

3. Family Link: will be considered the persons closely associated as:

- a) Spouses or any partner of that person considered by national law as equivalent to the spouse.
- b) Dependent children.
- c) Other relatives of the person, who have shared the same household for a minimum period of one year.
- d) Any legal person, trust or partnership, whose managerial responsibilities are discharged by a person referred to in letters (a), (b) and (c) of this point, or which is directly or indirectly controlled by such a person, or that is set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such person.

Having a financial or work connection.

4. Different Link: Connections that are different to those expressed previously which, in the judgement of an impartial and external observer, could compromise the impartial action of an employee.

- **Client**

Any company, institution, public authority, or other professional entity that purchases or receives ESG-related products or services from EthiFinance, whether in respect of its own activities or on behalf of another person or entity.

- **Related third party:**

Any person or entity, other than the rated entity, that directly or indirectly controls, is controlled by, or is under common control with the rated entity, including through the ownership of 50% or more of the voting rights or equivalent control mechanisms.

### 3. Key principles

The key principles in this Policy are:

- **Governance and accountability**

The Management Body is responsible for approving this Policy and for exercising ongoing oversight of its implementation.

- **Prevention and mitigation of conflicts of interest**

EFS, including its employees and members of the Management Body, shall avoid to the extent possible, activities that give rise to conflicts of interests or perception of conflict, and implement the necessary organisational and governance measures to prevent such conflicts.

- **Clear identification and management of conflicts**

The diverse types of conflict of interests that may arise are clearly defined. The Policy sets out how conflicts of interest are to be identified, managed and disclosed, as well as which conflicts of interests must be eliminated.

- **Independence of analytical and review activities**

Rules are in place to ensure the independence of any EFS employees involved in analytical, assessment or rating activities.

- **Mandatory reporting of conflicts**

Any conflicts of interest identified by employees, members of the Management Body or shareholders must be immediately reported to the Compliance Function.

- **Compliance monitoring and oversight**

The implementation and effectiveness of this Policy are monitored through a proportionate and effective compliance monitoring system.

- **Training and awareness**

Procedures are established to ensure that all affected employees, including new employees, receive training and ongoing awareness-raising to enable them to recognize, disclose and manage conflicts of interest.

## 4. Scope of application

This Policy applies to:

- EthiFinance Sustainability SAS, as a legal entity, and its shareholders.
- Executive Committee members of EthiFinance SAS, the 100% shareholder of EthiFinance Sustainability SAS.
- Management Body of EthiFinance Sustainability.
- EFS employees, as defined in section 2 (“Definitions”) of this policy.
- Other employees of EthiFinance Sustainability SAS.
- Contracted analysts.

Unless otherwise specified, the provisions of this policy apply to all EFS activities and employees, regardless of the regulated or non-regulated activities, as defined in this policy.

## 5. Prohibition on fee and payment negotiations

EFS Employees who participate in a regulated EFS activities shall be strictly prohibited from participating, directly, or indirectly, in any negotiations or discussions concerning fees, pricing, remuneration, or payments with clients or with any related third parties in connection with the regulated activities.

This prohibition includes, but is not limited to:

- Participation in commercial negotiations.
- Influencing fee structures or payment terms.

## 6. Pre-assessment conflict declaration

Prior to initiating any assessment of an ESG activity, EFS employees or Contracted Analysts shall proactively declare any existing or potential conflict of interest in relation to the rated entity. Any such conflict shall be promptly disclosed to the relevant manager and compliance and managed in accordance with the guidelines set out in Annex II of this Policy, including the assessment and implementation of appropriate mitigation measures. In the absence of such a declaration, the concerned EFS employee or Contracted Analyst shall be deemed to have no links or conflicts of interest with the rated entity.

## 7. Organisational, physical, and technological separation of activities

EFS has established a series of measures to guarantee the independence and integrity of EFS activities, ensuring an effective separation from other business activities within the Group.

These measures include, but are not limited to:

- Physical separation within Group offices, ensuring that EFS employees operate in distinct office spaces from employees of EthiFinance or other Group business units.
- Network-level access controls, including restricted access to EFS platforms, systems, and documentation repositories.

- Secure and controlled document management, ensuring that EFS information is accessible only to authorized EFS personnel and protected from access by employees involved in other Group business activities.

## 8. Definition and type of Conflicts of Interest

Conflicts of interest may potentially arise when:

- The rated entities are shareholders that hold a relevant part of the capital or voting rights of EthiFinance EFS or have the power to exercise control or dominant influence over EFS.
- The rated entities and their related third parties use several services provided by EthiFinance, or any of its subsidiaries.
- The personal or business interests of an EFS employee or their close family members, could improperly influence their professional judgment or actions.

This includes, but is not limited to, potential situations where:

- Personal financial gain, such as investments in the issuer or in competing companies, could compromise independent judgment.
- The interests of close family members (e.g., spouse, partner, children) in the rated entity or related entities may bias EFS Employees or Committee’s decisions.
- Professional relationships (including mandates) or previous employment with rated entities, or involvement in competitive sectors, create a potential conflict.
- Any other activities or situations - such as side employment, consultancy agreements, or gifts received from rated entities - that create a perceived or actual conflict of interest<sup>1</sup>.

## 9. Conflicts of Interest mapping and mitigation

The following table provides a list of all identified potential conflicts of interest, and the associated policies and control mechanisms put in place.

| <i>Conflicts of Interest</i>   | <i>Linking<sup>2</sup></i>              | <i>Associated Policies</i>           |
|--|---|--------------------------------------|
| <b>In relation to EFS &amp; its shareholders</b>   |   |                                      |
| a) Rated entities hold 10% or more of the capital or voting rights of EFS or in a company which has the power to exercise power or a dominant influence (through representative mandates or economic dependency) over the activities of EthiFinance. | <i>Control Link &amp; Economic Link</i> | No assessment / no review is issued. |

<sup>1</sup> Those situations are therefore restricted as specified in the EthiFinance Group Code of Ethics.

<sup>2</sup> The definitions of economic link, work link and family link are given in the form *Definition of Links* in Annex 1 of this document

|   |                      |   |
|---|----------------------|---|
| b) EFS holds financial instruments of any of the rating entities, except for holdings in diversified collective investment schemes that include managed funds such as pension funds or life insurance.                                | <i>Economic Link</i> | No assessment / no review is issued.  |
| c) Rated entities are customers of other services provided by EthiFinance Group.  | N/A                  | Monitored   |
| <b>In relation to EFS employees</b>   |                      |   |
| d) An EFS employee has a financial interest in any rated entity.  | <i>Economic Link</i> | The person with the link is not allowed to participate in the assessment process regarding the rated entity.  |
| e) An EFS employee holding financial instruments of any rated entity or any related third party, except for holdings in diversified collective investment schemes that include managed funds such as pension funds or life insurance. |                      |   |
| f) An EFS employee has a recent employment or business relationship (within the last 12 months) with a rated entity.  |                      |   |
| g) An EFS employee takes up a key management position with the rated entity within nine months of the issuing of an opinion or review.  | <i>Work Link</i>     | The EFS employees declare that they know, understand, and accept the restrictions set out in the Policy.<br><br>In the event of non-compliance, the assessment, and opinions in which such persons have participated shall be reviewed. |
| h) An EFS employee who's closely associated persons have any of the conflicts listed in points (d), (e) and (f).  | <i>Family Link</i>   | The person with the link is not allowed to participate in the assessment process of the entity to which he/she is connected.  |
| i) An EFS employee that solicits or accepts money, gifts, or favours from anyone with whom EF has a business relationship.  | N/A                  | It is not permitted to solicit or accept money, gifts, or favours from anyone with whom EF has a business relationship.   |

|  |                       |  |
|--|-----------------------|--|
| j) An EFS employee declares an affiliation that, in the opinion of an external and impartial observer, could compromise their impartial performance for the issuance of an assessment/review/rating/opinion. | <i>Different Link</i> | The person with the link is not allowed to participate in the assessment process of the entity originating the conflict. |
| <b>In relation to the Management Body</b>  |                       |  |
| k) The President [or authorised member or body, internal or external, of the executive management] is member of the Board of Directors or Supervisory Board of the rated entity.                             | <i>Work Link</i>      | The link shall be disclosed in the assessment.   |

## 10. Disclosure & Reporting

The Compliance function periodically, and at minimum every semester, submits to the Management Body a report with any existing or potential conflicts of interest.

## 11. Training

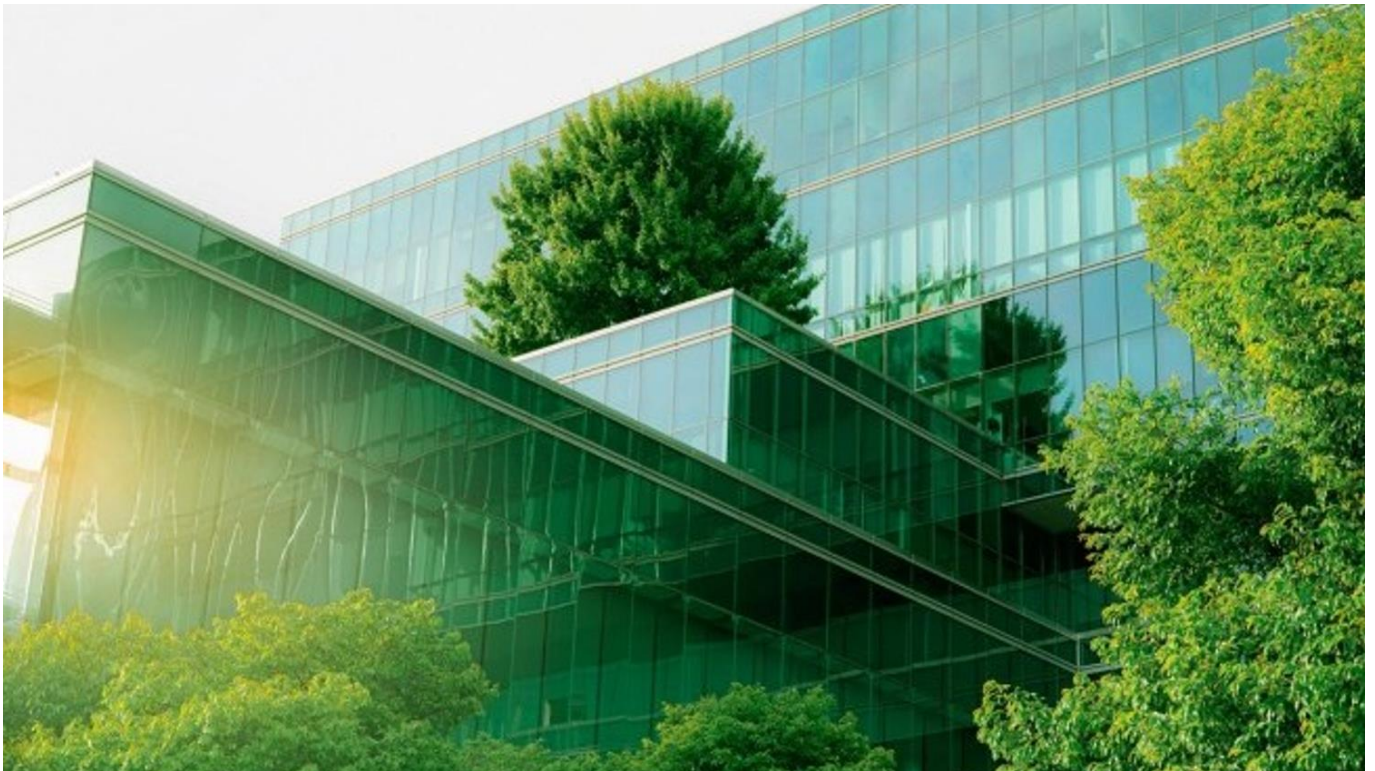
To ensure awareness of this Policy and its requirements, onboarding and regular trainings are developed by the Compliance function and Group Human Resources functions and provided to all EFS employees.

## 12. Control Mechanisms & Policy Review

Conflicts of interest are controlled by the Compliance Function, which is responsible for applying it as appropriate and in alignment with the *EFS procedure for the Identification, Management and Communication of Conflicts of Interest*.

Review and Monitoring of this policy is documented in a half - yearly report, which is submitted for information to EFS's Management Body.

# Contact



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## Disclaimer

EthiFinance Sustainability, SAS (“EFS”) operates as an ESG rating provider and carries out its activities in accordance with applicable Union law, including Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities. This Policy establishes the principles and measures adopted by EFS to safeguard the independence, objectivity, and integrity of its activities and to prevent, identify, manage, monitor, and disclose actual or potential conflicts of interest.

The ESG ratings, analyses, and related outputs produced by EFS represent independent assessments and opinions derived from publicly available information, information provided by rated entities where applicable, and methodologies developed, applied, and maintained by EFS. Such outputs do not constitute statements of fact, assurances, or guarantees of performance, nor do they represent forward-looking predictions. ESG assessments may evolve over time as methodologies, data inputs, or underlying circumstances change.

EFS does not provide investment advice, credit ratings, advisory or consulting services, portfolio or asset management, nor any service intended to influence investment decisions. EFS does not issue, calculate, sponsor, or maintain indexes, benchmarks, or index-linked products.

Information produced by EFS shall not be interpreted as a recommendation, offer, or solicitation to buy, sell, or hold any financial instrument, or to pursue any investment or trading strategy. Users of EFS ESG ratings and related information remain solely responsible for their own assessments and decisions.

EFS forms part of the EthiFinance Group, which consists of legally distinct entities carrying out different regulated and non-regulated activities, including credit rating, advisory, and investment research activities conducted by other group entities. Certain of these activities are considered non-compatible with ESG rating activities within the meaning of Regulation (EU) 2024/3005.

To address such non-compatibilities and prevent undue influence, EFS applies strict legal, organisational, physical, and operational separation measures in relation to other group entities and activities. These measures are designed to preserve the independence of EFS ESG rating activities and to mitigate the risk of conflicts of interest arising from group relationships.

Potential conflicts of interest may nevertheless arise, including in connection with group relationships, commercial arrangements, the use of external data sources, or interactions with rated or assessed entities. EFS manages such situations in accordance with its internal Conflict of Interest Policy, applicable regulatory requirements, and recognised best practices, ensuring that conflicts are identified, mitigated, and disclosed where necessary.

This Policy may be disclosed, in whole or in part, to meet regulatory transparency requirements and to provide stakeholders with a clear understanding of EFS’s independence framework, conflict-of-interest safeguards, and regulatory positioning.