Standard Ethics

GOVERNANCE · GOVERNANCE DOCUMENT 2

Conflicts of Interest Management Policy

Summary — Principles, mitigation measures and conflict governance

Standard Ethics Europe Srl

Version 1.0 — June 2026

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(Sintesi)

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1. Introduction and Purpose

The Conflict of Interest Management Policy sets out the framework adopted by Standard Ethics Europe to identify, manage, mitigate and disclose potential, perceived or actual conflicts of interest that may arise in the course of ESG rating activities, with the aim of safeguarding the independence, objectivity and integrity of the process, as well as market confidence. It has been drawn up in accordance with Regulation (EU) 2024/3005 and the ESMA guidelines and is aligned with the Policy on Organisational Requirements [GOVERNANCE 1] and the Analysis and Map of Hazards, Risks and Conflicts [GOVERNANCE 0] — an internal document providing a systematic analysis of risks.

2. Recipients and Applicability

This Policy applies to members of the Board of Directors, employees, contractors, external analysts and outsourced functions involved in the business process, as well as customers and third parties more broadly. Compliance with this Policy is a prerequisite for entering into and maintaining any professional relationship with the Agency.

3. Principal Definitions

- **Conflict of Interest:** a situation in which a personal, financial or professional interest may influence, or appear to influence, a person's objectivity in the rating process.
- **Potential / perceived Conflict:** respectively, a circumstance that could reasonably give rise to a conflict, or a situation that third parties could reasonably perceive as such, even in the absence of an actual conflict.
- **Associated Third Party:** any entity that controls the Applicant, is controlled by the Applicant, or is under common control with the Applicant.
- **Significant Influence:** the ability to exercise decisive influence over an entity even without holding a majority interest — indicated, among other factors, by the possession of 10% or more of voting rights or capital.

- **Joint Operational Office Meeting:** regulated cross-functional meetings (IRC, GAM, Clearing Room) that serve as designated channels for managing interactions across functions and appropriately bridging the operational separation between them (Chinese Wall).

4. Catalogue of Conflicts of Interest

The systematic catalogue of conflicts — including their ex-ante level of severity, mitigation measures and residual risk — is set out in the Analysis and Map of Hazards, Risks and Conflicts [GOVERNANCE 0]; an internal document.

Conflicts are classified into nine thematic categories: (A) business model; (B) relationships issuer relationships; (C) ownership structure; (D) personnel; (E) methodology and transparency; (F) systemic and reputational risks of conflict; (G) suppliers and outsourcing; (H) governance; (I) communication and benchmarks.

5. General Management Principles

- **Independence:** no considerations external to the methodological analysis may influence the rating; the Applicant's remuneration has no impact whatsoever on the outcome.
- **Elimination:** where feasible, the structural removal of the conflict — through choices regarding the business model, the discontinuation of certain activities, or withdrawal — is preferred over mere management.
- **Mitigation:** where elimination is not feasible, organisational and procedural safeguards are implemented, documented, and monitored by the Compliance Function.
- **Transparency:** conflicts of interest that cannot be eliminated are disclosed in a timely and prominent manner to ratings users.
- **Functional separation:** commercial functions are organisationally separate from analytical functions; the Board of Directors and shareholders are excluded from the rating process. For the full organisational structure — including the Chinese Wall and the Flower Pattern — please refer to GOVERNANCE 1.
- **A single, absolute-based methodological model and algorithm:** the exclusive adoption of the Applicant-pay model, the absence of ancillary services or data sales, and the use of a Proprietary Algorithm based solely on UN, OECD and EU sustainability guidelines — without the use of AI, questionnaires or sector-specific comparisons — eliminate at the root numerous categories of conflict typically associated with mixed models.

6. Mitigation Measures by Category (summary)

For each of the nine categories, the Agency adopts specific measures, including, in summary:

- **Business Model:** the organisational separation of functions (SOL, UNSOL, COMM Office, Relation Office), a committee-based approval process (IRC), a prohibition on negotiating ratings, analyst rotation, remuneration not linked to issued ratings, and the monitoring of appeals. In addition,

the Head Office's incidental visibility of payment flows — a consequence of the Agency's size — is treated as a documented and mitigated exception.

- **Issuer relationships:** commercial and analytical functions are separated once a SOL relationship has been established; no preliminary or indicative pre-contract assessment.
- **Ownership structure:** exclusion of shareholders and partners from the rating process; absence of corporate groups with commercial relationships toward issuers; mandatory withdrawal from rating issuance in three cases of cross-participation thresholds ≥10% (between the Agency and the Applicant, including through the sole shareholder Standard Ethics Ltd), with a disclosure obligation when thresholds fall between 5% and 10%.
- **Personnel:** mandatory withdrawal in the event of a conflict; prohibitions and disclosure obligations regarding the holding of financial instruments, differentiated by role (analytical staff, Compliance Function, Chief Executive Officer, non-executive Directors, commercial functions); prohibition on receiving gifts; Look-Back Procedure and Cooling-Off Period pursuant to Articles 27–28 of the Regulation; and a ban on negotiating one's future employment position with an entity under evaluation.
- **Methodology and transparency:** public methodology; sectoral classification based on objective sources to avoid bias; cross-checking of self-reported data; independent handling of appeals.
- **Systemic and Reputational Risks of Conflict:** no pre-assessment (to prevent 'rating shopping'); no sectoral exclusions or penalties based on subjective ethical grounds; independence from external influences when defining ESG criteria.
- **Suppliers and outsourcing:** external ESG data providers and questionnaires are not used; independence and confidentiality clauses are in place for external collaborators;
- **Governance:** selection of directors with no ties to issuers or to the investment sector, and the declared, documented management of any cross-representation arrangements involving the sole shareholder.
- **Communication and benchmarking:** There are no commercial licensing agreements relating to financial indices; the published clusters are free of charge and intended for scientific purposes.

7. Staff Obligations

All recipients must promptly report any situation of conflict to the Compliance Function, including the period of the annual update; withdrawal from rating activities whenever a conflict is present (holding of financial instruments, recent employment relationships, personal ties, or any interest in the outcome); maintain confidentiality over all information relating to the rating process; and report any violations to the Compliance Function or through the whistleblowing channel. The Agency, through the Compliance Function, notifies ESMA of all relevant conflicts that cannot be eliminated, any changes to the ownership structure, and any cross-shareholdings approaching regulatory thresholds.

8. Conflicts of Interest Register

The Compliance Function establishes and maintains a Register which documents, for each conflict: the party involved and the nature of the conflict, the date of identification, the risk assessment, the measures taken, the outcome and any notifications sent to ESMA. The Register is reviewed at least every six months and retained for a minimum of five years.

9. Communication and Disclosure

Any identified conflicts of interest are reported to the Compliance Function and, from time to time, to the Board of Directors. Conflicts of interest that cannot be resolved are disclosed externally in a timely and prominent manner (in rating documentation and on the website). Rating actions are communicated to the market simultaneously and after markets closure.

10. Training

All recipients receive regular training on identifying conflicts of interest, disclosure obligations, management procedures and relevant legislation both upon joining the organisation and with refresher training at least once a year.

11. Roles and Responsibilities

The Board of Directors approves the Policy and oversees the system; the Managing Director ensures its operational implementation; the Head of Operations chairs the IRC and oversees functional separation; the Compliance Function (currently carried out by an independent Director) manages the Register, training, notifications to ESMA and reporting; the IRC collectively approves ratings and assesses appeals; all staff comply with disclosure and withdrawal obligations.

12. Monitoring and Updating

The Compliance Function continuously monitors the effectiveness of the measures adopted, also through the analysis of appeals made and changes to the corporate structure. The Policy is reviewed by the Board of Directors at least once a year, with an extraordinary review in the event of significant regulatory changes, changes to the business model, or conflicts not covered by the current catalogue.

13. Regulatory References

The Policy implements Articles 25–29 of Regulation (EU) 2024/3005 concerning organisational structure, personnel-related conflicts, the Look-Back Procedure, the Cooling-Off Period, and disclosure obligations, as well as the relevant ESMA guidelines.

Approved by Standard Ethics Europe Srl's Board of Directors — June 2026