BANQUE HAVILLAND

Group Policy
Conflicts of Interest

Document Details

Author:	Group Compliance
Creation date:	July 2013
Last review:	May 2024
Version:	4.5
Status:	VALIDATED
Validation Date:	2024
Validated by:	BoD

Document History / Version Control

Version	Date	Author	Main Changes	Approved by	Date
V2.0	Jun. 2013	Compliance	Alignment with CSSF 12/552 requirements	BoD	
V2.1	Nov. 2013	Compliance	Addition of controls and mitigating actions		
V2.2	Jan. 2016	Compliance	Extension to Directors		
V2.3	Jun. 2016	Compliance	Appendix 4 related to depositary bank function	BoD	20/07/2017
V.2.4	Jan. 2018	Compliance	Annual review	BoD	02/02/2018
V3.0	May 2019	Compliance	Annual review	BoD	14/05/2019
V3.1	July 2019	Compliance	Additional regulatory ref. added to appendix E		
V4.0	June 2020	Compliance	Reorganisation of the policy with the creation of new dedicated sections on the escalation and recording of CoI. Additional clarifications brought on the disclosure of CoI as well as on the roles and responsibilities within the organisation.	BoD	09/07/2020 10/07/2020
V4.1	February 2021	Compliance	CSSF OSI MIFID II recommendation (CoI escalation) and reference to the CSSF Circular 20/759	BoD	25/03/2021 26/03/2021
V4.2	December 2021	Compliance	Review	ARC BoD	14.12.2021 14.12.2021

Version	Date	Author	Main Changes	Approved by	Date
V 4.3	June 2022	Compliance	Periodic update as per Circular CSSF 22/807 updating Circular CSSF 12/552 and Commission Delegated Regulation (EU) 2021/1253 Periodic review of UK Appendix	BoD	19/07/2022
V 4.4	June 2023	Compliance	Periodic review	ARC BoD	11/07/2023 11/07/2023
V 4.5	May 2024	Compliance	Periodic review	ARC BoD	09/07/2024 09/07/2024

Table of Contents

1 Introduction

Banque Havilland Luxembourg S.A. (the “Bank”), with its subsidiaries and branches (the “Group”), as a provider of a wide range of financial services, operating in several jurisdictions, faces potential and real conflicts of interest.

Managing these conflicts of interest effectively reflects the Bank´s ongoing commitment to adhere to the highest standards of ethical conduct in relation to the treatment of our clients and management of conflict integrating European and Local regulations requirements[1].

In accordance with the applicable regulatory requirements, this policy sets out the framework enabling the prevention, identification, documentation, escalation, management, mitigation and disclosure of conflicts of interest including, but not limited to, where such conflicts of interest arise in the context of MiFID II.

2 Scope

This Conflicts of Interest Policy (the “Policy”) applies to the Group, i.e. Banque Havilland S.A. Luxembourg, as well as its subsidiaries and representative offices.

This Policy must be observed by the Group, all permanent or temporary staff members (e.g. contractors), Board Members and members of the Management Committee (collectively the “Employees”).

3 Defining / Identifying Conflicts of Interest

3.1 What is a conflict of interest?

A conflict of interest is a situation or arrangement where the Group or a company with which it has an association, and/or any of its employees is subject to multiple influences, the competition of which might adversely affect decision-making or outcomes in the course of conducting business.

Conflicts of Interest arise in a variety of relationships, which are often closely related and may overlap:

- The Group or one of its representative(s) or partner(s), its Employees, its Shareholders and prospects/clients/investors (“Client”);
- A Client (or a group of Clients) and another Client (or group of Clients);
- A Client (or a group of Clients) and an Employee (or a group of Employees);
- The Group (or any of its entities) and an Employee (or a group of Employees);
- The Group (or any of its entities) and the shareholder;
- Several entities of the Group.

3.2 What factors should be considered when identifying a Conflict of Interest?

The Group and its Employees take into account at least the following situations or relationships where conflicts of interest may arise:

- Economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the institution to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests);
- Personal or professional relationships with the owners of qualifying holdings in the institution;

---

[1] such as, but not limited to Circular CSSF 12/552 (as amended by Circulars CSSF 13/563, 14/597, 16/642, 16/647, 17/655, 20/750,20/759,21/785 and CSSF 22/807), the European Union Directive 2014/65/EU on Markets in Financial Instrument (“MiFID II”), the Delegated Regulation (EU) 2021/1253, the EBA Guidelines on internal governance under Directive 2013/36/EU EBA/GL/2021/05, the ESMA Guidelines on certain aspects of the MiFID II remuneration requirements.

- Personal or professional relationships with staff of the institution or entities included within the scope of prudential consolidation (e.g. family relationships);
- Other employment and previous employment within the recent past (e.g. five years);
- Personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers); and
- Political influence or political relationships.

Conflicts of interest may arise even if the situation is isolated or persistent over the time. Notwithstanding the above, the Group takes into consideration that being a shareholder of an institution or having private accounts or loans with or using other services of an institution should not lead to a situation where staff are considered to have a conflict of interest if they stay within an appropriate *de minimis* threshold.

4 Preventing Conflicts of Interest

The Group strives to prevent conflicts of interest through adequate governance, policies, organisational and technical means:

- **Segregation of functions and committees**: the Group has structurally segregated the business units. Each unit works in strict autonomy from the other. Support and business units are working under the supervision of a dedicated Board Member and must report to them regularly. In addition, the Group has implemented an internal control environment incorporating a three line of defence model w. The Group has put in place several committees with appropriate term of reference where each committee member or participant to a committee must proactively identify and report any conflict of interest to other committee members and to the Compliance department.

- **Rules of conduct** (i.e. procedures and policies, Chinese walls, proper segregation of duties, etc.): the Bank has established information barriers. The Bank applies the principle that restricted information can only be disclosed to an Employee on a strict “need to know basis”, where the Employee needs the relevant information to perform his duties. The Group Code of Conduct states that the Bank makes every effort to avoid conflicts of interest and, where such conflicts cannot be avoided, takes appropriate measures to recognise and manage situations where a conflict might arise and makes sure that its clients are treated fairly.

- Appropriate governance, transparency and oversight of compensation of the Bank or its Employees is in place to avoid incentivising behaviours that conflict with our duty to act in the best interest of our Clients. The Bank has implemented a Remuneration Policy for this purpose.

- Remuneration, deployment and management of employees in a way that minimises conflicts.

- Supervision and monitoring of policies and procedures to ensure that Employees are complying with the Bank’s policies and procedures. Prevention of Conflicts of Interest is notably embedded within (but not limited to) the Inducement policy, the Anti-Bribery and Corruption Policy, the Remuneration Policy and the New Product Approval Policy.

- Conflicts of interest related to remuneration should be identified and appropriately mitigated according to para. 32 of EBA Guidelines on sound remuneration policies under Directive 2013/36/EU EBA/GL/2021/04. This is achieved through objective remuneration criteria set at the beginning of the year (scorecard) as well as independent four eyes principle during the final allocation of the bonus pool and the remuneration/assessment process.

- Controlling the type of tasks Employees are allowed where types of duties could conflict with each other.

- Setting up electronic and/or physical barriers including system access restrictions to prevent the flow of information between conflicting business activities.

- Controls to restrict and monitor personal investment and external business activities of the Bank Employees to prevent conflicts of interest arising against the interest of clients.

- Providing general or specific disclosures of the conflict of interest.

5 Disclosing and Escalating Conflicts of Interest

When a potential conflict of interest is identified, it must be escalated immediately by email to the Employee's Line Manager and the local Head of Compliance.

5.1 Group Chief Compliance Officer (CCO)

The local Head of Compliance must escalate to the CCO any new identified conflict of interest with the associated assessment and mitigating actions (if required). At least annually, the local Heads of Compliance communicate to the CCO all identified conflicts of interest.

5.2 Management Committee

Newly identified conflict of interests will be reported by the Group CCO to the Management Committee.

5.3 Board reporting

The local Head of Compliance has to provide independent reporting on conflicts of interest management to the Board of Directors (BoD) at least annually.

If it is considered that appropriate measures cannot be put in place to manage the conflict, the Group would either **decline** to act for a Client if its interests (or another Client's interest) may be harmed by the potential conflict of interest or obtain the consent of such Client by clearly disclosing the following to the client before undertaking business for the client:

1. the general nature or sources of conflicts of interest, or both; and
2. the steps taken to mitigate those risks

Before the disclosure of such to a Client, any disclosure is approved by the local Head of Compliance Officer, who may consult with the Group CCO where appropriate.

If the Client gives their consent, the bank will ensure the conflict is appropriately managed internally and continue to provide the service on behalf of the Client as originally instructed or as the client directs, taking into account any procedures that have been put in place to manage the conflict.

Managing Conflicts of Interest in this way must only be used as a measure of last resort.

6 Assessing of potential Conflicts of Interest, mitigation measures and record keeping

Where conflicts of interest arise, the local Head of Compliance should assess the material risk of damage, decide and implement appropriate mitigating measures.

The local head of Compliance will document the decision taken, in particular if the conflict of interest and the related risks have been accepted, and if it has been accepted, how this conflict of interest has been satisfactorily mitigated or remediated. The effectiveness of the measures taken to mitigate or remediate the conflict shall be duly analysed and recorded.

Regarding conflicts of interest that may result from past relationships, the local Head of Compliance should set an appropriate timeframe for which they want staff to report such conflicts of interest, on the basis that these may still have an impact on staff's behaviour and participation in decision-making.

The local Head of Compliance will make the distinction between conflicts of interest that persist and need to be managed permanently and conflicts of interest that occur unexpectedly with regard to a single event (e.g. a transaction, the selection of service provider, etc.) and can usually be managed with a one-off measure. In all circumstances, the interest of the institution should be central to the decisions taken

Each entity maintains a register where conflicts that have arisen or may arise are recorded (the “Register”). The Register includes the compliance assessment as well as a description of the effective measures to manage the situation.

On an annual basis, all Employees of the Group are requested to declare and disclose any current or potential conflicts of interest (Appendix A).This exercise is coordinated by the Human Resources department of the Bank for Luxembourg h and by the local Head of Compliance for the other entities. Each Register must subsequently be updated. The local Heads of Compliance communicate, at least annually, their Register to the CCO. Group Compliance consolidates all information received from the entities and maintains a Group Register.

7 Roles and Responsibilities

7.1 Management Body

The BoD is responsible for setting, approving and overseeing adequate policies to identify and manage potential and actual conflicts of interest within the Group. The Group specifically requires that Board Members complete a declaration of conflict of interest before each Board Meeting. The Management Committee shall ensure that this Policy and associated procedures are implemented and applied in the day-to-day operations.

All actual and potential conflicts of interest at management body level, individually and collectively, are adequately documented, communicated to the management body, and discussed, decided on and duly managed by the management body.

Each Board member is prohibited from holding directorships in competing institutions/groups or with institution/groups inspired by an interest different form the Group interest and must take into consideration that conflicts of interest must not impair her/his independence of mind in any case.

Working independently, Board members must have a holistic view of the situation when they discuss or take a decision. Acting generally in the best interest of the Group, they must ensure that decisions must be taken on an arms-length basis and not be affected by conflicts of interest. Therefore, Board members must proactively identify and disclose collective and individual conflicts of interest resulting from their position. An independent director shall be a director, which does not have any conflict of interest, which might impair his judgement because he is bound by a family business or relationship with the Group, its controlling shareholder or the management.

Each conflict of interest must be documented when it arises and communicated to Compliance department as soon as possible. In addition, none of the Board members may be involved or trade in any kind of business or activity that may conflict with their position within the Group.

The Nomination and Remuneration Committee (NRC) of the Board of Directors is responsible for the approval of the Remuneration policy as well as the approval of the bonus pool. The NRC is exclusively composed of independent non-executive members in order to reinforce its independence and to reduce potential conflicts of interest regarding the remuneration of the Bank’s Employees and management.

7.2 Employees

The Group requires that all Employees:

- comply with this Policy, rules and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest;
- act with integrity, exercise sound judgement and objective discretion;
- avoid situations which provide confusion in mind of people or giving rise to a conflict of interest;

- notify the direct supervisor and Compliance department with no delay of the existence of a conflict of interest.

7.3 Compliance

Group Compliance (via its Regulatory Compliance Function) as well as the local Head of Compliance are responsible for providing advice and guidance on the interpretation of the Conflicts of Interest Policy and also to provide support in setting controls and mitigation measures, including those recorded in the Register.

Group Compliance is required to have a general oversight of and to determine, when required, the best course of action to prevent (when possible) and manage conflicts of interest, including further escalation to a higher management level, where necessary.

The Compliance function should analyse how the Remuneration Policy affects the institution’s compliance with legislation, regulations, internal policies and risk culture and should report all identified compliance risks and issues of non-compliance to the management body, both in its management and supervisory functions. The findings of the compliance function should be taken into account by the supervisory function during the approval, review s and oversight of the Remuneration Policy.

8 Conformance

According to the Luxembourg law, the Bank’s entities shall apply measures at least equivalent to the Luxembourg law. Should local law or regulation be more stringent than this policy, the local requirements will prevail.

In the event that the requirements of this Policy cannot be met, due to conflict with local laws or regulations in a particular jurisdiction, the CCO must be notified by the relevant entity after the validation by its local authorized body of the exception to Policy requirements (the “Exception Request”).

The CCO shall review each Exception Request and, if accepted by him, report it to the Group Board of Directors (“BOD”) when deemed necessary. The exception to the Policy may be implemented under the responsibility of and instructions from the relevant local authorized body.

A failure of one of these rules may result for an Employee in a disciplinary action up to and including dismissal. A contractor or a visitor, who is breaching this Policy, is subject to sanctions up to the termination of the service agreement.

The Policy must be reviewed as necessary, but at least once every 12 months, and a record of the review and any changes must be maintained by Group Compliance department.

9 Appendix A: Conflicts of Interest – Declaration and Disclosure

Actions Required:

Please sign the declaration below, complete the disclosure list, and return a copy of this letter and the list the Human Resources department.

Please note that in case of knowingly false or incomplete declaration, you may be subject to disciplinary action, which could result in the termination of your contract of employment.

If you have any concerns or queries regarding this letter, please contact Compliance.

I hereby confirm that I have read and understood the Conflicts of Interest Policy.

I, ……………………………………………………… hereby confirm that I have no relevant interest (as defined in the Group Policy on Conflicts of Interest) other than those listed in the attached Disclosure List.

Please list out and describe any relevant interest on this form, sign and return to Human Resources.

Relevant interest (including directorships, trusteeships, not for profit roles, charities etc.)

Signature Date

……………………………………………………………………………………………

Name: Position:

10 Appendix B: Examples

As non-exhaustive illustrations, COI may be deemed to exist where the Group or an employee, manager, board member, or a Bank's shareholder:

- Is likely to make a financial gain at the expense of the Client;
- Has an interest in the outcome of a service transaction which is distinct from the Client's interest;
- Has a financial or other incentive to favour interest of a Client over the interests of another Client;
- Carries on the same business as a Client;
- Receives or will receive from a person other than a Client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than standard commission or fee for that service.
- Has a personal or professional relationships with the owners of qualifying holdings in the institution
- Has personal or professional relationships with staff of the Group or entities included within the scope of prudential consolidation (e.g. family relationships);
- personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers); and

Other COI may arise if

- The Group and or /Pillar Securitization could have an interest in the same Client.
- Proprietary trading, where the proprietary trading interests of the Group are at odds with those of a client;

Or in the case of

- Portfolio management, with regard to trade allocation where the Bank is the discretionary portfolio manager for more than one client or fund;
- Personal account dealing, with regard to an employee trading securities on their own account where the Bank holds relevant inside information;
- Receipt of gifts or entertainment (including non-monetary) that may influence behaviour in a way that COI of the Group or its Clients; and Directorships or other outside business interests which are similar to the Group's;

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client, including his or her sustainability preferences, the Bank shall take into account, by way of minimum criteria, whether the Bank or an Employee, or a person directly or indirectly linked by control to the Banks, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- the Bank or an Employee is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- the Bank or an Employee has 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;
- the Bank or an Employee has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- the Bank or an Employee carries on the same business as the client;
- the Bank or that Employee receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

-