

CONFLICTS OF INTEREST POLICY

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INTRODUCTION

This Conflicts of Interest Group policy sets out the Compagnie Financière Tradition (“the Group” or “Tradition”)’s arrangements in connection with the identification, documentation, escalation and management of Conflicts of Interest. The policy applies to all employees of the Group entities and refers to any case where an employee’s personal interest might contradict the interest of the company and outlines the responsibilities of employees and the company in resolving any such discrepancies.

This policy cannot completely predict all circumstances that could assist in identifying a conflict of interest. It is therefore of paramount importance that senior management of entities promote a proactive approach and strengthen the role of the Compliance Officer and the Head of Human Resources to whom staff should first and foremost report and discuss any conflicts of interest concerns.

The policy is regularly updated, based on changes in the Group’s risk and regulatory environment. Each Group entity shall comply with all local applicable legal and regulatory requirements.

1. SCOPE OF APPLICATION

This policy constitutes the minimum requirements applicable to Group entities and all their employees.

Where local legal and regulatory requirements are more stringent than the mandatory requirements set out in this policy, such applicable local legal and regulatory requirements must be followed. Where there is a conflict between any mandatory requirements in this policy and applicable local legal and regulatory requirements, the latter will prevail, and the entity will inform the Group of such occurrence.

2. CONFLICTS OF INTEREST DEFINITION

A conflict of interest is a situation where one or more persons or entities have competing interests and the serving of one interest may involve detriment to another. This policy applies to the extent that a conflict of interest gives rise to:

- A Group entity and/or an employee failing to comply with legal or regulatory obligations,
- An employee engaging in unethical conduct,
- A Group entity and/or an employee failing to fulfil a duty of care, trust or loyalty owed to another person or entity such as a client,
- An Employee’s professional judgement and objectivity being compromised and/or hindering the proper discharge of their duties and responsibilities, and/or
- A Group entity obtaining improper advantage or treatment or giving rise to the appearance of impropriety and reputational damage, including as it relates to the manner in which business is awarded to or by the entity.

A conflict of interest under this policy could be an existing, potential and perceived one.

To assist in the identification of conflicts of interest, Annex 1 of this policy includes non-exhaustive list of scenarios and examples of circumstances in which conflicts of interest could arise.

3. MANAGEMENT OF CONFLICTS OF INTEREST

The Group seeks to ensure that a conflict of interest does not adversely affect the interests of clients, Group entities and their shareholders or other relevant stakeholders through the identification, prevention or management of conflicts of interest.

Certain conflicts of interest are persistent and need to be managed on an ongoing basis, while others may arise in relation to a single event (e.g. a transaction) and can usually be managed by one-off measures.

Failure to identify and appropriately manage conflicts of interest could result in a range of adverse consequences for clients, Group entities and employees, such as reputational damage, damage to client relationships and loss of business, regulatory sanctions, and litigations.

Group entities may use a number of means to manage a conflict of interest including organisational arrangements, systems and controls and, if necessary, disclosures designed to inform the affected parties of the conflict of interest and avoidance of the service, activity or matter giving rise to the conflict of interest where it cannot be prevented or managed effectively using other means.

3.1 ORGANISATIONAL ARRANGEMENTS

3.1.1 BOARD OF DIRECTORS

Terms of reference for Group Board and entities' Boards of Directors set out its obligations relating to the management of Conflicts of Interest.

Board members must ensure that business decisions are unaffected by conflicts of interest and must therefore:

- proactively identify conflicts of interest resulting from their Board position and disclose them,
- refrain from any action that might be detrimental to the Group entity for which they are a Board member.

In general, a Board member must not be involved in any kind of business which is in competition with the Group entity in which the Board membership is held without prior approval by the Board.

A Board Member cannot represent the Group entity in dealings with himself/herself, or with a third party represented by himself/herself, unless such representation is permitted on the basis of a granted consent (e.g. Board resolution).

3.1.2 COMMITTEE GOVERNANCE

Each committee put in place at a Group or entity level is required to have terms of reference in place. These terms must include requirements for members of committees to consider potential conflicts of interest when determining the composition of the committee, taking into account the tasks and responsibilities of that committee.

Further, the terms of reference must require committee members to disclose potential conflicts of interest on an ongoing basis to the chairperson and for the chairperson to take appropriate action to resolve such conflicts of interest.

3.1.3 COMPLIANCE FUNCTION

The Compliance function, as a second line of defence, is responsible for the implementation of this policy; the development of related local policies and procedures and the testing of controls implemented by the business and the regular risk assessment of conflicts of interest risks.

3.1.4 HUMAN RESOURCES FUNCTION

The Human resources function is responsible for the identification of conflicts of interests related to candidates and new hires. The Human resources policies and procedures should include the necessary requirements for detecting existing and potential conflicts of interest during the recruitment process.

3.1.5 SEGREGATION OF FUNCTIONS AND DUTIES

The Group entities structurally segregate their business and infrastructure/support functions to allow for their independence.

The Group entities also operate an internal control environment underpinned by a three lines of defence framework that requires the independence of control functions, including Compliance, Risk, and Internal Audit.

3.2 SYSTEMS AND CONTROLS

Furthermore, systems and controls are implemented so that one person or business unit does not execute all phases of a transaction, including applying the “four eyes” principle:

- The Group maintains, where needed, information barriers that are designed to restrict information flows between different areas. These restrictions enable employees to carry out business on behalf of clients or interacts with third parties without being influenced by other information held within the Group which may give rise to a conflict of interest. For the avoidance of doubt, where an employee is required to share information with other employees, the employee is expected to do so if such sharing of information does not breach this conflicts of interest policy or any other policies and procedures.
- Outside business interests are required to be disclosed, enabling the identification, management and, where necessary, prohibition of outside business interests that may give rise to conflicts of interest.
- Group entities put in place personal account dealing requirements designed to avoid conflicts of interest arising between employees, the entity they work for and clients they deal with. In particular all employees must disclose to Compliance details of certain personal investments that they make so that they are protected (by the transparency of disclosure) from the possibility of prosecution for the criminal offence of market abuse, which most commonly arises in the form of insider trading and/or the “front running” of clients’ orders.
- Requirements for inducements must be taken into consideration and discussed with senior management and Compliance before any arrangement is formalised by written agreement. It is strictly forbidden to offer or accept any benefit or inducement whatsoever, if the offer or acceptance of such benefit or inducement is likely to put the entity or an employee in conflict with his/her duties.
- Group entities set up clear requirements to avoid client interests being adversely affected by incentive and remuneration practices.
- The Anti-corruption Code of Ethics and the Group Anti-Bribery and Corruption policy does not permit the offering or acceptance of gifts or entertainment by an employee unless it is reasonable, proportionate and for a legitimate business purpose. Where applicable, employees must obtain pre-approval for gifts and entertainment and approval will depend, among other criteria, on whether it may give rise to a conflict of interest.
- Controls are put in place to manage interactions with third parties, including due diligence requirements, contractual arrangements and an obligation on employees to disclose matters that might give rise to a conflict of interest.

In addition, where a vendor is also an actual or potential client of a Group entity, the entity seeks to manage these relationships independently and on an arm's length basis.

In certain circumstances, a Group entity may determine that its arrangements to prevent or manage conflicts of interest may not be sufficient to protect a client's interest from material damage and it may decide in particular circumstances that a client should be made aware of this and of the arrangements that will be put in place to manage the conflict.

Where permissible and appropriate, and in accordance with regulatory requirements (e.g. when conducting MIFID regulated business), disclosure to an affected client may be made to inform the client of the arrangements and/or to specifically seek client consent to act.

Similarly if the services of another member of the Group are recommended to a client, the fact that the services are provided by a fellow member of the must be made known to that client.

Group must establish internal escalation processes for conflicts of interest to enable the conflicts of interest to be escalated on a timely basis and considered at an appropriate level of seniority and by the correct stakeholders to arrive at the most appropriate resolution.

In addition, the Group provides the appropriate channels through the Whistleblowing system for reporting/whistleblowing of conflicts of interest.

4. RESPONSIBILITIES

As part of the Group's approach to conflicts of interest management, employees must fulfil the responsibilities outlined below when performing their roles.

4.1 ALL EMPLOYEES

All Employees are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- comply with this policy and other applicable policies and procedures relating to the identification, documentation, escalation and management of conflicts of interest,
- act with integrity and exercise appropriate judgement and discretion,
- act with the requisite degree of independence and objectivity when discharging their responsibilities,
- avoid, wherever possible, situations giving rise to conflicts of interest due to any personal financial interest, personal relationships, different roles and responsibilities within the Group,
- immediately notify their supervisor and Compliance of the existence and nature of a conflict of interest,
- not be in a supervisory, subordinate or control relationship with closely related persons,
- not misuse or use for their personal gain information obtained in the course of working, manage work-related information, respecting information barriers and duties of confidentiality,
- make sure that any changes in brokerage rates charged are agreed with the client and evidence of such agreement is recorded in a durable medium,
- manage the arrangement of client orders fairly and in a timely manner taking into account prevailing market conditions and in accordance with the appropriate market convention for priority (e.g. price/time priority), and not give preference to any one client over another,
- comply with any requirement or requests from clients to disclose the details of charges, commissions or costs related to their activity,

- ignore the level of income which may be generated for the entity in arranging or executing a transaction and always endeavour to achieve the best possible result for a client,
- not become involved in any attempt to manipulate a benchmark,
- challenge and escalate promptly issues of concern to their supervisors and Compliance so that conflicts of interest may be reviewed, managed and resolved,
- upon joining the Group and on a periodic basis thereafter, complete attestations that could be required by Compliance and/or Human Resources, disclosing any known relationships where they have relatives or people with whom they have a close personal relationship working at a client firm or a vendor and relevant personal account transactions.
- where they may have multiple roles, if there is any situation where there is a potential conflict between these roles they must highlight this conflict to their manager and either decline to act or clarify the role in which are acting when taking any action or making any decision.

4.2 MEMBERS OF THE MANAGEMENT

Employees who act in a supervisory capacity are required to:

- actively seek to identify, mitigate and, to the extent required by procedures, document conflicts of interest in their area of responsibility, including in connection with any current or planned activities,
- assess any conflicts of interest reported to them to determine if a conflict of interest exists,
- determine, after consulting Compliance and Human Resources functions, the best course of action to resolve, manage or avoid the conflict of interest,
- review on an annual basis or more regularly, if required, any reported conflicts of interest to ensure these are being managed,
- allocate responsibilities to employees who report to them in a manner that it does not lead to conflicts of interest and avoid allocation of responsibilities which will compromise the independence of the control functions of the entity.

4.3 SENIOR MANAGEMENT

Members of the senior management are required to:

- raise awareness, promote and encourage an appropriate culture which emphasizes the importance of ethical treatment of clients and the fair handling of conflicts of interest,
- be engaged in the clear communication and implementation of this policy and any local policies, procedures and arrangements for the identification, documentation, escalation, management and ongoing monitoring of conflicts of interest,
- sponsor systems and controls to document, manage and mitigate conflicts of interest risks,
- consider the implications and take corrective action, where required, in connection with performance measurements or incentive schemes that may incentivise an employee to act contrary to the duties and responsibilities owed to the Group and under applicable policies and procedures.

5. DISCIPLINARY SANCTIONS

In cases when a conflict of interest is deliberately concealed or when a solution cannot be found, disciplinary action may be invoked up to and including termination.

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Client-related conflicts - conflicts of interest relating to clients can be described as scenarios where the entity, an employee or a third party:

- is likely to make an inappropriate financial gain or avoid financial loss at the expense of a client,
- has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client which is different from the client's interest,
- has a financial or other incentive to favour the interest of a client or group of clients over the interests of another client,
- carries on the same business as a client,
- 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 monies, goods or services, other than a standard commission or fee for that service,
- has a financial or other incentive to favour the sale of a particular product or service to a client which is not in the best interest of the client.

Group entity-related conflicts - conflicts of interest relating to a Group entity can be broadly described as scenarios where:

- an employee's interest in the outcome of a particular activity differs from the entity's interest,
- an employee (or a family member or close personal relationship) receives a financial or other significant benefit as a result of the employee's position at the entity that is inappropriate in nature,
- an employee has the opportunity to influence the entity granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the employee or a family member or close personal relationship,
- an employee's existing financial or other interest or previous engagement in an activity or relationship with another person, impairs or could impair his/her judgment or objectivity in carrying out his/her duties and responsibilities within the Group entity,

Some practical examples of activities that may give rise to conflicts of interest which require appropriate management are listed below:

- A conflict of interest may arise between a Group entity and a client if the entity is involved in the execution of a trade, because the entity may be incentivised to price the transaction in a manner which favours itself or certain clients (in return for example, for promises of reciprocal business), not in accordance with the appropriate market convention for priority, or giving preference to any one client over another, which may result in detriment to the client involved in the transaction or other clients.
- A conflict of interest may arise between a Group entity, an employee and a client if the entity and/or an employee is in possession of confidential information or inside information relating to a client, and the entity, the employee and/or another client of the entity has an interest in the use of that information that is divergent from, and may be detrimental to, the interests of any other client or other party to whom the entity owes an obligation.

- A conflict of interest may arise between a Group entity, an employee, a client or a vendor if an employee deals with individuals who are family members or close personal relationships in the course of conducting business for, or on behalf of the entity because the dealings may compromise or otherwise call into question the employee's judgement, ability to act objectively or properly discharge duties and responsibilities owed to the entity and/or clients, or otherwise give rise to the risk of reputational damage to the entity, including the risk of, or appearance of, impropriety how business is awarded to or by the entity or the entity having obtained an improper advantage or treatment.
- A conflict of interest may arise between a Group entity, an employee, a client and/or a third party if the entity and/or employees give or receive fees, commissions or other monetary and non-monetary benefits that may inappropriately influence the conflicts of Interest behaviour of the entity, employees, the client and/or the client's employees in a way that creates a disadvantage for the entity or its client.