

# CONFLICT OF INTEREST POLICY

**Owner:** Board of Directors

## Summary

The present document describes the framework on the implementation of the legal and regulatory requirements with respect to Conflicts of Interests.

This policy lays down the key principles and internal rules applicable with respect to the detection, prevention, mitigation and management of conflicts of interest. This policy applies to all CAW SA Staff members and must be read in conjunction with the Conflict of Interests Procedure.

## Scope

The Document is applicable to CapitalatWork Foyer Group S.A., CapitalatWork S.A. and its Dutch branch.

## Link with other policies and procedures:

- Market Abuse Policy & Procedure.
- Personal Transactions Policy & Procedure.
- Remuneration Policy.
- Gift Policy.
- Best Execution Policy.
- Code of Conduct.
- Client order handling procedure.
- Policy and procedure on Inducements.
- External Mandate Procedure (applicable to CAW S.A.).

## Glossary

Key words	Definition
BoD	Board of Directors/ the management body of CAW
CAW	CAW FG and CAW SA and its Dutch branch, jointly referred to as the Group
CAW FG	CapitalatWork Foyer Group S.A.
CAW SA	CapitalatWork S.A. (including the dutch branch).
CAW Staff	Each employee, director and consultant working within and for the account of the above-mentioned entities.
Client	A natural person or entity/CAW/CAW entering into a business relation with CAW in order to receive financial services or ancillary services.
ComEx	Executive Committee of CAW/ Senior management of CAW.
COI	Conflict of Interest.

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## 1. Introduction

### 1.1. Legal Framework

This COI Policy has been prepared on the basis of the following legislation:

- On EU level:
  - Regulation 596/2014 of 16 April 2014 on market abuse (the “MAR”);
  - Directive 2014/65 of 15 May 2014 on markets in financial instruments (“MiFID II”);
  - Commission Delegated Regulation 2017/565 of 25 April 2016 as regards to organizational requirements and operating conditions for investment firms and defined terms for the purposes of MiFID II;
  - Commission Delegated Directive 2017/593 of 7 April 2016 supplementing MiFID II with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;
  - EBA Guidelines of 26 September on internal governance (EBA/GL/2017/11).
  - EBA Guidelines on the suitability of the members of the management body and key function holders (EBA/GL/2017/12);
  - Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.
  
- On Luxembourg level:
  - The Law of 30 May 2018 on markets in financial instruments;
  - The Law of 5 April 1993 on the financial sector, as amended;
  - CSSF Circular 07/307 of 31 July 2007 on MIFID: Conduct of business rules in the financial sector, as amended;
  - CSSF Circular 20/758 of 7 December 2020 on central administration, internal governance and risk management, as amended.
  
- On Belgian level:
  - The Law of 2 August 2002 on the supervision of the financial sector and on financial services;
  - The Law of 25 April 2014 on the statute and supervision of credit institutions and investment companies;
  - The Law of 25 April 2014 on financial planning advice;
  - The Royal Decree of 19 December 2017 7 laying down detailed rules on the implementation of the directive on markets in financial instruments.
  - Circulaire PPB-2007-6-CPB-CPA / Attentes prudentielles de la CBFA en matière de bonne gouvernance des établissements financiers
  - Belgian Code on Companies and Associations.

- On Dutch level:
  - Loi du 21 novembre 2017 relative aux infrastructures des marchés d'instruments financiers et portant transposition de la Directive 2014/65/UE.
  - Arrêté royal du 19 décembre 2017 portant les règles et modalités visant à transposer la Directive concernant les marchés d'instruments financiers.
  - Loi du 2 août 2002 relative à la surveillance du secteur financier et aux services financiers.

## **1.2. Scope and implementation**

The COI Policy is applicable to CAW including Staff members and related parties such as, among others, independent Directors.

The COI Policy lays down the key principles on the prevention, identification, assessment, mitigation and management of COI. These key principles and the related operational processes are further specified in dedicated procedures.

CAW Staff is expected to understand and comply with the principles laid down in this Policy. To do so, this Policy will be available into the internal website of CAW named "Confluence" and regular trainings will be conducted (cf section 8).

The COI Policy will be made available for the public via the publication on the CAW website.

## **1.3. Objective**

The purpose of the present Policy is to identify, assess, prevent, mitigate and manage COIs which may arise as well as actual COIs.

As a general principle, a conflict of interest is (a) financial or non-financial advantage(s) for one party (a person or a group of persons regardless they are clients, employees, counterparties, or CAW itself) triggering (a) financial or non-financial disadvantage(s) for another party (a person or a group of persons regardless they are clients, employees, counterparties, or CAW itself).

It is accordingly reminded that COI is:

- Not only an advantage (it shall trigger a disadvantage)
- Not only financial advantages (it can be non-financial)
- Not only against clients (it can be against many persons or entities).

COI may arise, among others, between:

- The shareholders of CAW and CAW.
- The management and CAW.
- The parent company and its subsidiaries or any related parties.
- CAW and its subcontractor(s).
- Among CAW Staff members.
- Between or among different clients.
- Between or among CAW Staff and its clients.

Additionally, COIs may arise in relation to, but are not limited to:

- Investment services provided by CAW to its clients.

In this context, this Policy aims at:

- Identifying - taking into account investment services and ancillary services offered by CAW - the circumstances which could constitute or may give rise to a COI entailing a risk of damage to the interest of one or more persons or entities,
- Specifying procedures to be followed and measures to be adopted to prevent such COI, and when cannot be avoided, to mitigate and manage such COI,
- Specifying the disclosure mechanisms to the client(s) where a COI is likely to have a detrimental impact on the client and cannot be avoided.

#### 1.4. Definitions

- **COI:** A Conflict of Interest (or "COI") indicates situations where:
  - A person may not be able to make a fair and objective decision or take any action because she / he has been directly or indirectly influenced and / or favored by the decision or result of the action.
  - There is a conflict between (i) the interests of CAW or certain persons connected to CAW or the group and the duty CAW owed to a client; or (ii) the differing interests of two or more of CAW SA clients, to each of whom CAW SA owed a duty. COIs may occur when there is a gain or an avoidance of loss for CAW SA to the disadvantage of the client to which CAW owed a duty, or there is a gain or an avoidance of loss to one client to which CAW SA owes a duty to the disadvantage of another client.
- **Investment services:**
  - **Portfolio management:** Managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instrument.
  - **Investment advice (only CAW Foyer Group S.A.):** provision of personal recommendations to a client, either upon its request or at the initiative of CAW, in respect of one or more transactions relating to financial instruments.
  - **Reception and transmission of orders:** service by which orders of clients have been received and transferred for execution to another financial institution.
  - **Execution of orders** means acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance.
- **Ancillary services:** Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level.
- **Financial planning advice<sup>1</sup>:** advice on optimizing, in particular<sup>1</sup>, the structure, planning in time, protection, legal organization or transfer of a client's assets, based on the needs and objectives he indicates and excluding the provision of investment

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<sup>1</sup> As defined by article 4,1° of the law of 25 April 2014 on financial planning.

services or the provision of any advice on transaction in individual financial instruments.

- **Related parties:** This means the legal entities which are part of the group to which CAW belongs as well as the employees, shareholders, managers and members of the Board of Directors of these entities.

## **1.5. Roles and responsibilities**

### **1.5.1. Board of Directors**

The Board of Directors of CAW is responsible for:

- › Defining the guiding principles relating to the management of COIs.
- › Ensuring the proper transposition of the guiding principles on the prevention and management of COIs into the CAW's COI Policy.
- › Approving the COI Policy.
- › Reviewing the COIs that have been escalated by both the CCO and the ComEx and determining whether i) additional mitigating measures can be taken and ii) whether the COI can be accepted.
- › Reviewing, at least on an annual basis (including in a summarized form), the COI register.
- › Ensuring, at least on an annual basis, that the framework for the prevention, mitigation and management of COIs is effective and adequate.
- › Ensuring that COI at the level of the Board (e.g., COI linked to external mandates) are appropriately identified, assessed, prevented, mitigated and, where necessary, managed in order to avoid adverse influence on the performance of the Board members' duties and responsibilities.

### **1.5.2. ComEx**

The ComEx is responsible for<sup>2</sup>:

- › The definition and implementation of this Policy.
- › The periodic review and assessment of the effectiveness of the Policy. arrangements and procedures put in place.
- › Ensuring that the allocation of responsibilities within the ExCo has been made so as to avoid situations of COIs (e.g., by avoiding to allocate functions that are incompatible to the same authorized manager).
- › Implementing an internal administrative, accounting and IT organization that protect CAW from potential COI.
- › Taking appropriate measures to address any deficiencies.

### **1.5.3. First line of defence**

The first line of defence is responsible for:

- › The prevention of potential COI by complying with the organizational controls and measures in place.
- › The identification, assessment and escalation of potential COI to the relevant bodies (at first instance the Compliance department).

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<sup>2</sup> Cf. Article 25 of the MiFID II Delegated Regulation

- › The management of COIs in accordance with the guidelines set by Compliance and senior management.
- › The contribution to the annual COI mapping exercise organized by the Compliance function.
- › The consultation of the Compliance function in order to take appropriate measures to mitigate and manage potential or actual COIs.
- › If the Conflict of Interest cannot be managed and is likely to have a detrimental effect on the Client, the disclosure of the Conflict of Interest to the client.

#### **1.5.4. Second line of defence**

Compliance is responsible for:

- › Reviewing and updating of the COI Policy when needed;
- › Reporting to the ComEx at least once a year on the status of the COIs within the Group.
- › Reporting to the Comex at least once a year on the effectiveness of the COI management framework
- › Maintaining and updating the COI Register.
- › Monitoring and assessing the organizational measures put in place to prevent COIs.
- › Monitoring the measures put in place to address the COI after occurrence of a Conflict of Interest.
- › Advising the relevant stakeholders on the measures to be taken to appropriately manage actual COI.
- › Providing the ComEx and the first line with advice on how to efficiently mitigate COIs;
- › Providing the ComEx and the first line with advice on whether to disclose or to decline to act when the Conflict of Interest cannot be mitigated.
- › Escalating critical COI to the relevant body, ComEx of Board of Directors, depending on the materiality of the COI.
- › Centralizing and recording all information relating to the COI within CAW.
- › Cooperating diligently with the regulator(s) on the COI.

## **2. Different sources of COIs**

Pursuant to the §167 of the CSSF Circular, a COI may be of economic, personal, professional, political or any other purpose. A COI may be persistent or linked to a single event. For the purpose of identifying and assessing a COI past events and situations likely to generate potential or actual situations are taken into consideration.

A distinction is made between COI that arise in the context of:

1. The provision of investment services and ancillary services by CAW, including COI between CAW and its clients or COI between clients.
2. OIs that arise internally at CAW, either at the level of the management body or within the staff.
3. COIs arising with external stakeholders or related parties.
4. COIs specific to the group context in which CAW operates.

Regarding the provision of investment or ancillary services, COI may arise when providing the following investment services to the clients:

**Investment activities:**

1. Reception and transmission of orders on a financial instrument on behalf of the client.
2. Portfolio management.
3. Investment advice.
4. Execution of orders on behalf of clients.

**Auxiliary services:**

1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
2. Foreign exchange services where these are connected to the provision of investment services.
3. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

**3. Identification of COIs**

**3.1. COI arising in the context of the provision of investment services**

For the purpose of identifying a Conflict of Interest that may arise when CAW, a CAW Staff member or any entity to which CAW has delegated (part of) its investment services or ancillary services or financial planning advice, provides investment services, ancillary services or financial planning advice, the following minimum criteria shall be taken into account:

- › CAW or a CAW Staff member is likely to make a financial gain or avoid a loss at the expense of the client
- › CAW or a CAW Staff member 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
- › CAW or a CAW Staff member has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client
- › CAW or a CAW Staff member carries on the same business as the client
- › CAW or a CAW Staff member 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 monetary or non-monetary benefits or services.

**3.2. COI at institutional level**

CAW considers the COI at institutional level, i.e., COI resulting from the activities and roles of CAW, the different Group entities, the different business lines within the Group, or with regard to external stakeholders.

These COIs generally result from an inadequate internal organization or administrative arrangements that can take the following forms:

- › An inappropriate segregation of duties, e.g., conflicting activities within the processing of transactions or when providing services, or conflicting allocation of responsibilities.
- › Lack of information barriers, e.g., through the physical separation of certain business lines; or
- › Inadequate procedures or lack of internal mechanisms for the monitoring of transactions with related parties (transactions not conducted at arm's length).

These structural COIs must be appropriately identified and prevented by CAW through the implementation of appropriate organizational measures.

### **3.3. COI at the level of the staff**

CAW also identifies COI at staff level by taking into account COI that may arise not only from present but also from past personal or professional relationships.

When assessing the existence of COIs for staff, the Company considers all the situations that could create a potential or actual COI, including:

- › Economic interests (e.g., shares, other ownership rights and memberships, holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the Company to a company owned by Members of the Management Body).
- › Personal or professional relationships with the owners of qualifying holdings in the Company.
- › Personal or professional relationships with staff of the Company or entities included within the scope of prudential consolidation (e.g., close family relationships).
- › Other employments and previous employments 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).
- › Ship in a body or ownership of a body or entity with conflicting interests.
- › Political influence or political relationships.

The above situations of COI are also considered in the Suitability Policy for the assessment of the suitability of the members of the management body and key function holders.

### **3.4. COI at management body level**

In addition to the COI at staff level, CAW implements appropriate measures to detect and assess potential and actual COIs at the level of the management body, i.e., COIs that would impede their ability to perform their duties independently and objectively.

For the purpose of this assessment, CAW considers the situations likely to create a potential or actual COI listed above. In addition, as part of the suitability assessment of the members of the management body, CAW also considers COIs that may impact their independence of mind<sup>3</sup>.

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<sup>3</sup> As defined in the section 9.2 Joint EBA/ESMA Guidelines on the suitability of the members of the management body and key function holders.

In addition, CAW considers the financial and non-financial interests that could create potential COI, as listed in the Annex III.5 of the Joint EBA/ESMA Guidelines on the suitability assessment of the members of the management body and key function holders.

It is worth to be noted that the identification of COI at management body level is part of the suitability assessment performed by CAW pursuant to the Suitability Policy. The frequency, modalities and content of this assessment are further described in the aforementioned policy.

## 4. Prevention of COIs

COIs must be prevented by implementing appropriate measures. These measures can be categorized as follows:

### 4.1. Organizational arrangements

- › Setting up **Chinese Walls** between departments.
- › Dealing with **confidential information (information barriers) on a need-to-know principle** to prevent or control the exchange of information between CAW Staff members engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- › **Implementation of policies and procedures that prevent any person from exercising inappropriate influence** over the way in which a CAW Staff member carries out investment or ancillary services or activities:
  - E.g. the implementation of remuneration principles preventing CAW from being encouraged to sell certain financial instruments.
  - E.g. implementation of a policy on external mandates with the aim to avoid as much external activities as possible and to avoid a direct link between the remuneration of CAW Staff members and any income from conflicting activities.
- › Implementation of procedures for transactions with related parties. In particular, transactions with related parties, as defined in the section 1.4 of the present Policy, are subject to a systematic review by the ComEx and to the prior approval of the Board of Directors when the transaction is likely to have a negative impact on the risk profile of CAW. The ComEx review and the Board approval are documented in the minutes of the relevant committee / meeting.

### 4.2. Segregation of duties

- › **Segregation of functions:** control the simultaneous or sequential involvement of a CAW Staff member in separate investment or ancillary services or activities where such involvement may impair the proper management of COIs.
  - E.g. Best Execution Policy and Client Order Handling Policy.
  - Establish an adequate organization of the Asset Management Department and the investment process.
  - The set-up a dedicated estate planning department: the Estate Planning team is separate from teams supplying investment services (CRM and portfolio managers). Consulting services in financial planning (as well as any detailed information in estate planning) are always supplied by the team of Estate Planning. The inventory and reports concerning the consultation in financial planning are exclusively drawn up or supplied by a member of the

team EP, as well as the answers to any additional questions on the financial planning techniques. The members of the estate planning team will never supply investment services.

- › **A sufficient level of independence in the exercise of Internal control function:** Transversal internal control functions that are independent and autonomous and that are responsible for the monitoring compliance with the laws and regulations.
- › **Appropriate segregation of duties within the ExCo:** CAW ensures that the allocation of responsibilities within the ExCo is done so as to avoid COI on the part of the same member.
- › **Separate supervision and reporting lines** to ensure that there is separate supervision of CAW Staff members whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, including those of the firm e.g. separated reporting lines to commercial and asset management activities, who, as a result report to different representatives from the ComEx.

#### 4.3. Decision-making process

- › **Abstain from voting** within management body committees: Prior to each Board and ExCo meetings, as well as meeting of CAW's specialized committees, Board and ExCo members respectively are required to disclose any COIs they have in relation to the items to be discussed during the meeting. When a conflict is disclosed, that member must abstain from voting on the related agenda item.
- › Preventing Board, ComEx members as well as other staff members from any type of conflicts of interests not properly managed<sup>4</sup>.

#### 4.4. Training and awareness

- › **Implementation of ethical codes** to which all CAW Staff are expected to comply with.
- › **Regular training or awareness sessions** (cf section 8).

### 5. Management of COIs

#### 5.1. Conflict of Interest Register

The potential and actual COIs and how they are prevented and managed are listed in the Conflict of Interest register and explained into the COI Procedure. It is referred to this Procedure for further details.

#### 5.2. Disclosure

In case the proposed mitigating measures are not sufficient and this situation is likely to have a detrimental impact on the clients, the ComEx shall decide to disclose the conflict of interest to the client. CAW shall disclose the following information in relation to the conflict of interest to the client:

- The general nature and/or sources of COIs.

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<sup>4</sup> It is referred to the « External mandate Procedure” for CAW S.A.

- The risks that arise as a result of the COIs.
- The steps undertaken to mitigate these risks.

The disclosure shall:

- Be made on a durable and on a for the client accessible medium.
- Include a specific description of the COIs that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is being made.
- Clearly state that the organizational and administrative arrangements established are not sufficient to protect the client from any risk of damage to its interests.

The disclosure of COIs should not exempt CAW from the obligation to maintain and operate the effective organizational and administrative arrangements required. Where disclosure of specific COIs is required, it should be a measure of last resort, to be used only where the organizational and administrative arrangements established are not sufficient to ensure, that the risks of damage to the interests of the client are prevented.

Overreliance on disclosure without adequate consideration as to how the COIs may appropriately be prevented or managed should not be permitted and, therefore be considered as a deficiency in CAW's COI Policy.

### **5.3. Declining to act**

Where CAW considers it is not able to manage the conflict of interest in any other way, the ComEx may decide after obtaining advice from the Chief Compliance Officer, to decline to act for a client and by consequence eventually terminate the professional relationship with the client.

### **5.4. Specific considerations regarding COIs involving related parties**

The business relationships with related parties are subject to the Board of Director's approval where they have or may have a significant and negative impact on the risk profile of CAW. The rule shall also apply where, the absence of any significant impact on each individual transaction, the influence is significant for all transactions with related parties.

Any material change in the significant transactions carried out with related parties shall be brought to the attention of the Board of Directors as soon as possible.

Transactions with related parties shall be carried out in the interest of CAW. CAW's interest is not met where transactions with related parties :

- Are carried out on less advantageous terms for CAW than those which would apply to the same transaction carried out with a third party at arm's length;
- Impair the solvency, liquidity situation or risk management capacities of CAW from a regulatory point of view;
- Exceed the risk management and control capacities of CAW;
- Are contrary to sound and prudent management principles.

## **5.5. Specific considerations regarding COI involving BoD and ExCo members**

CAW collects and reviews the conflict of interests' declarations completed by the Members of the BoD and the ExCo.

Where a potential or actual conflict of interests is detected, the conflict of interests is entered into the register and the Company ensures that appropriate measures have been taken to mitigate this conflict.

In any case, all COIs must be appropriately communicated, discussed, documented and managed. Where a conflict of interest is identified, the Company should ensure that it does not jeopardize the independence of the Member or, where appropriate, should put in place mitigating measures. These measures are extensively described in the register. In this regard, the CCO ensures that corrective measures have been defined to prevent and mitigate COIs.

In addition, a Member of one of the BoD or ExCo must abstain from voting on any matter where this Member has a conflict of interests.

## **6. Non-compliance**

In case a CAW Staff member fails to comply with this Policy, a conflict of interest has either not been managed or inappropriately managed in accordance with the present Policy, sanctions may be imposed on a CAW Staff member or the department within which the CAW Staff member works.

Chief Compliance Officer and the ComEx shall determine the actions to be taken in order to remediate the situation in accordance with the principles laid down in this Policy.

## **7. Record keeping**

Records of the following must be maintained for a period of at least five years as from the notification by the Compliance department:

- All COIs that have occurred will be listed in an inventory kept by the Compliance department.
- Decisions with respect to the mitigation or the management of the COIs.
- All communications including disclosures sent to the clients.
- The previous versions of the COI Policy.

## **8. Training and awareness**

All Staff members are expected to understand and comply with the principles laid down in this Policy.

CAW Management, the Compliance officer and the HR Department are responsible for raising staff awareness and for providing the necessary trainings on the subject.

In particular, an annual training is provided to all staff to ensure that they are made aware of the internal rules and arrangements regarding the prevention, mitigation and management COIs.

## **9. Review and update**

This Policy must be reviewed and updated on a regular basis and whenever a regulatory change requires it.

This Policy must be approved by the ComEx and ultimately submitted to the Board approval.

The present document has been validated by the Boards of Directors of CapitalatWork SA on 29/11/2022 and Boards of Directors of CapitalatWork Foyer Group SA on 30/11/2022