



# Identification, prevention, and management of conflicts of interest policy

Policy - Identification, prevention and management of conflicts of interest - Compliance

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<b>Identification, prevention and management of conflicts of interest policy</b>		
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# Table of contents.

<b>1. Introduction to the identification, prevention and management of conflicts of interest Policy</b> .....	<b>4</b>
1.1. Definitions.....	4
1.2. What is a conflict of interest? .....	5
1.3. Between whom can conflict of interest arise? .....	5
1.4. During what activities can conflicts of interest arise?.....	6
1.5. Purpose .....	6
1.6. Scope .....	6
1.7. Policy owner and review of the policy .....	6
1.8. General requirements, principles, and applicable regulatory framework.....	7
1.9. Related policies and procedures.....	9
<b>2. Roles and Responsibilities</b> .....	<b>9</b>
2.1. The Board of Directors .....	9
2.2. The Board of Management .....	9
2.3. The Compliance Department .....	9
2.4. All Employees.....	9
<b>3. Prevention and management system</b> .....	<b>10</b>
3.1. Identifying potential conflicts of interest .....	10
3.2. Perceived conflicts of interest .....	10
3.3. Prevention measures .....	10
3.4. How are conflicts of interest managed? .....	11
<b>4. Recording of actual conflicts of interest</b> .....	<b>12</b>
<b>5. Disclosure of conflicts of interest</b> .....	<b>12</b>
<b>6. Policy update and approval</b> .....	<b>13</b>
<b>7. Concluding provisions</b> .....	<b>13</b>



# 1. Introduction to the identification, prevention and management of conflicts of interest Policy

## 1.1. Definitions

Term	Description
Candriam	Candriam, société en commandite par actions, its branches and subsidiaries.
Board of Directors	The Board of Directors shall mean the body who, under company law, monitors the management by the Senior Management. The Board of Directors shall have the overall responsibility for the institution. It shall ensure execution of activities and preserve business continuity by way of sound central administration and internal governance arrangements. Please refer to CSSF Circular 18/698 for further information.
Board of Management	Board of Management shall be intended as the “Senior Management”. Senior Management means the persons who effectively conduct the business of the IFM within the meaning of Article 102(1)(c) of the 2010 Law and Article 7(1)(c) of the 2013 Law (hereinafter the “conducting officers”) irrespective of the form or legal structure of the IFM. Please refer to CSSF Circular 18/698 for further information.
CSSF	The Luxembourg regulator of the financial sector ( <i>Commission de Surveillance du Secteur Financier</i> ).
Policy	“Policy” shall include a system of detailed key measures/principles/guidelines to be implemented to achieve the strategy of the Company with regards to specific topics: <ul style="list-style-type: none"> <li>• Set of general guidelines that outline the organization’s plan for tackling an issue.</li> <li>• Communication of the connection between the organization’s vision and values and its day-to-day operations.</li> <li>• Guidance for the day-to-day actions and strategies but allowing flexibility.</li> </ul> Formal statement of a principle that should be followed by its intended audience.
Business Unit	The Business Unit is either a department or a team within Candriam that represents a specific line of business, and it is part of the value chain of activities of the company. A Business Unit often develops and implements its own processes independently.
Employee	Candriam Employees, Employees of Candriam group companies insourced by Candriam and any temporary Employees.



## 1.2. What is a conflict of interest?

A conflict of interest is any situation whereby a person or an organization has an interest of a material, professional, commercial, or financial nature which could adversely influence the motivation or decision-making of that person or that organization to act in the best interest of the clients or the organization itself.

Conflicts of interest may take various forms. They can be:

- Actual – involving a direct conflict between current duties or interests.
- Potential – involving likely future conflicts. or
- Perceived – not involving an actual conflict but only the perception of a conflict.

Conflicts of interest may be professional or personal:

- Professional conflicts of interest arise from the structure or business decisions taken by the organization for which the organization cannot act objectively because of its own direct interests but also when the organization decides to favour the interests of any other client or third party.
- Personal conflicts of interest arise when a person puts his/her own interests ahead of his/her duties to the organization or clients because of financial, social, political, family, or other personal interests or loyalties that interfere with his/her professional responsibilities.

For the purposes of identifying the types of conflicts of interest that arise and whose existence may damage the interests of a client, including his or her sustainability preferences, Candriam takes into account, by way of minimum criteria, whether Candriam or a relevant person, or a person directly or indirectly linked by control to Candriam, is in any of the following situations:

- Candriam or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- Candriam or that person 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.
- Candriam or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- Candriam or that person carries on the same business as the client.
- Candriam or that person 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.

## 1.3. Between whom can conflict of interest arise?

The definition encompasses, in particular, situations in which there is a conflict between the interests of:

- The management company including its managers, Employees or any persons directly or indirectly linked to the management company (including the parent company, subsidiaries, delegates, sub-delegates).
- Persons acting on behalf of the management company (hereafter referred as "Employees") including its executive and non-executive directors, Employees, external consultants, and any representatives of Candriam.
- Any persons directly or indirectly linked to the management company (including the parent company, subsidiaries, delegates, sub-delegates, service providers).
- Investment funds and their shareholders.
- Direct clients of investment services.



- Several clients (in case of diverging interests).

## 1.4. During what activities can conflicts of interest arise?

At Candriam, conflicts of interest can arise among other things during the following business activities:

- Management of collective investment funds.
- Exercise of voting rights.
- Investment advising.
- Discretionary portfolio management.
- Reception and transmission of orders.
- Marketing of in-house or third-party investment funds.
- Managing the donation program to the Candriam Institute.
- Delegation and outsourcing of activities.
- Appointment to a Board or in general any internal or external representation's position for Candriam.

## 1.5. Purpose

The identification, prevention, and management of conflicts of interest Policy describes the framework established by Candriam in order to set out the principles and rules applicable to conflicts of interest and meet its professional obligations.

In the normal course of business, as in any financial institution, Candriam may encounter situations resulting in potential or actual conflicts of interests during the execution of its various activities for its clients.

As an asset management company, we are committed to act honestly, fairly, with due skill, care and diligence in the best interest of our clients.

In particular, we are required to take reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose, those conflicts of interest pursuant to applicable regulations.

Candriam has several policies and procedures dealing with the management of conflicts of interest (see the list under 1.9 Related policies and procedures).

On the top of these, the Policy for the identification, prevention, and management of conflicts of interest outlines Candriam governing principles for the prevention and management of conflicts of interest that could possibly arise between Candriam and its clients or business partners.

## 1.6. Scope

The Policy applies to all Employees, including any external contractor as the case may be.

Each employee must ensure he/she understands his/her personal role and responsibilities resulting from the Policy.

The Policy applies as well to any Candriam branch or subsidiary, when applicable, and its respective Employees.

## 1.7. Policy owner and review of the policy

The Global Head of Compliance is formally appointed as the owner of this Policy. Any amendments thereof may be made by the related function and must be duly approved by the Board of Management and the Board of Directors of Candriam.

If you have any queries or comments regarding the information contained in this document, please contact the Policy Owner.

As this Policy has been identified as a high as per the criteria defined in the Policy of Policies, Charters & Procedures, at the minimum, the Policy is reviewed/updated annually – particularly in the case of any changes to applicable standards/regulatory rules.



In accordance with Section 5.5.4 “Manual of procedures” of CSSF Circular 18/698, the Policy’s description of the internal functioning, allocation of tasks and reporting lines are part of the procedures manual for Employees of Candriam.

For the implementation of the Policy, Candriam has put in place internal rules in the Procedure Manual that must be used as guidelines by Employees from different functions and business units in the exercise of their day-to-day tasks.

## 1.8. General requirements, principles, and applicable regulatory framework

Candriam is subject to the UCITS Law, the AIFM Law, as well as all relevant applicable laws, regulation and circulars enacted by the CSSF.

This Policy was drafted and implemented to comply with applicable laws, regulations, and internal references:

Issuer	Reference	Type	Description
CSSF	18/698	Circular	Authorisation and organisation of investment fund managers incorporated under Luxembourg law.
Compliance Department	Code of Conduct	Internal Code	Set of principles, standards and moral & ethical expectations the Company’s Employees must adhere to.
EU	Regulation n°596/2014 of April 16, 2014, relating to market abuse (“MAR”).	Regulation	Aimed at safeguarding market integrity by prohibiting insider trading, market manipulation, and enhancing transparency in financial markets through stringent rules and reporting requirements.
EU	Directive n°2014/65/EU of May 15, 2014, on the Markets in Financial Instruments (“MiFID 2”)+ Delegated Regulation.	Directive	It regulates financial markets and aims to enhance transparency, investor protection, and market integrity by introducing stringent rules on trading, reporting, and the conduct of investment firms operating within the EU.
EU	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (“AIFMD”).	Directive	Regulates the activities of alternative investment fund managers, imposing requirements for authorization, risk management, and reporting, with the aim of fostering investor protection and stability in the alternative investment fund industry within the EU.
EU	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 (AIFs).	Regulation	It serves to ensure consistent and harmonized standards for the management and supervision of alternative investment funds (AIFs) and their managers across the EU.
EU	Directive 2009/65/EC of the European (“UCITS”).	Directive	It sets out rules for the establishment, management, and cross-border marketing of UCITS funds, ensuring a high level of investor protection and harmonization of fund standards across EU member states.
USA	The Investment Advisers Act of 1940 (the “40 Act”).	Act	This act mandates registration and disclosure requirements, as well as fiduciary responsibilities, to protect investors and ensure transparency in the advisory industry.

Luxembourg	Law of 30 May 2018 on markets in financial instruments transposing MiFID II.	Law	It outlines the regulatory framework and rules that financial markets and investment firms must adhere to, in line with MiFID II, to ensure transparency, investor protection, and efficient functioning of financial markets within that jurisdiction.
Luxembourg	Law of 5 April 1993 on the financial sector.	Law	It provides a comprehensive framework for the supervision and regulation of banking, insurance, and investment services, ensuring the stability and integrity of the country's financial sector.
Luxembourg	Law of 17 December 2010 relating to undertakings for collective investment.	Law	It outlines the regulations and requirements for the formation, management, and supervision of investment vehicles, including mutual funds and other collective investment schemes, in order to ensure investor protection and market stability in the financial sector.
CSSF	Circular CSSF 18/698 relating to authorisation and organisation of investment fund managers.	Circular	It outlines the requirements and procedures for the authorization and organization of investment fund managers, providing guidance on compliance with regulatory standards and operational aspects in the fund management industry within the jurisdiction.
CSSF	CSSF Regulation No 10-04 transposing Commission Directive 2010/43/EU of 1 July 2010.	Regulation	It likely includes provisions and requirements related to financial services, market practices, or other regulatory matters in accordance with the EU directive, but without access to specific details, a more detailed description is not possible.
CSSF	Circular CSSF 07/307 relating to MiFID.	Circular	It provides specific guidance and requirements for financial institutions operating in Luxembourg to comply with MiFID's provisions, ensuring transparency, investor protection, and efficient functioning of financial markets within the jurisdiction.
Luxembourg	Law of 12 July 2013 related to alternative investment fund managers (AIFM).	Law	It regulates the operation and management of alternative investment funds, ensuring transparency and investor protection while facilitating the marketing of these funds across the EU.
Belgium	Law of 2 August 2002 on the supervision of the financial sector and on financial services.	Law	It provides the legal framework for the supervision and regulation of financial institutions and services in the country, ensuring the stability and integrity of the financial sector while promoting investor protection and market transparency.
Belgium	Royal Decree of 19 December 2017 transposing MiFID II.	Decree	It establishes the regulatory framework within Belgium to align with the EU directive, covering areas such as market transparency, investor protection, and the functioning of financial markets.
Belgium	Law of 21 November 2017 transposing MiFID II.	Law	It introduced various regulations and requirements to enhance transparency, investor protection, and market integrity in line with the EU's objectives outlined in MiFID II.
France	Monetary and Financial Code (article L533.10).	Code	It encompasses regulations related to banking, financial markets, insurance, and monetary policy, providing a structured legal foundation for the country's financial system.
AMF	General Regulation	Regulation	It outlines rules and requirements related to market integrity, investor protection, and the conduct of financial institutions, ensuring compliance with European Union directives and international standards.





## 1.9. Related policies and procedures

We have established effective principles on the handling of conflicts of interest that are specified by the Compliance Department and approved by the Senior Management of Candriam.

An internal set of policies and procedures on conflicts of interest is drafted for identifying new conflicts of interest. The main pillars of the prevention framework are:

- Conflict of Interests Policy.
- Code of Ethics.
- Code of Conduct.
- Best Selection Policy.
- Gift and Entertainment Policy.
- Transmission of portfolios inventories Policy.
- Product Approval and Review Policy.
- Order Placement Policy.
- Personal Data Protection Policy.
- Remuneration Policy.
- Complaints handling Policy.
- Inducement Procedure.
- Whistleblowing Procedure.
- In-house fund investment Procedures.

## 2. Roles and Responsibilities

### 2.1. The Board of Directors

The Board of Directors is primarily responsible for supervision of the management of Candriam, responsible for the strategy / general policy, risk monitoring and shareholders relations and as part of this role, of examining and approving the key policies set forth by the Board of Management Candriam.

### 2.2. The Board of Management

The Board of Management is responsible for establishing policies prescribing key measures, principles and guidelines to be implemented in order to plan, execute and control activities and achieve the objectives of the Company and the daily management of Candriam entities. The Board of Management examines and approve policies.

The Board of Management via the Conducting Officers is also responsible for ensuring that all members of the staff are aware of the aspects of the Policy relevant to them.

### 2.3. The Compliance Department

The Compliance Department is independent of the commercial, processing, and other business departments and can thus perform its activities neutrally and without being bound by instructions. Among its other tasks, the Compliance Department is responsible for identifying circumstances that could give rise to a conflict of interest that might materially disadvantage an investor and taking reasonable and effective precautions to deal with conflicts in the interest of investors.

### 2.4. All Employees

Employees are responsible for identifying and managing conflicts of interests on an ongoing basis and must comply with applicable internal policies and procedures. All Employees should challenge and escalate promptly issues of concern regarding a personal or professional situation to their supervisors and/or Compliance.

Employees must avoid, where possible, any possible conflicts of interest, and be aware of potential areas of conflicts of interest; declare any situation in which they have or can have a direct or indirect interest that conflicts with Candriam's interests; and comply with any appropriate mitigating actions which may be required by Candriam.



Employees who are entitled to receive any confidential information are reminded that information must be kept internally and externally confidential and they should not use such information to their own or a third party's advantage.

## 3. Prevention and management system

### 3.1. Identifying potential conflicts of interest

Based on the assessment conducted by the Compliance Department alongside the business units, the conflicts-of-interest situations which might arise are listed in the mapping of potential conflict-of-interest situations (the "Cartography"). This Cartography, maintained by the Compliance Department, covers all Candriam activities and outlines the main measures for managing and monitoring potential professional and personal conflicts of interest.

Information on the potential professional conflicts of interest has to be transmitted by the business line/department in question to the Compliance Department in the form of a report/email mentioning the features of the potential conflict-of-interest situation and specifying the proposed measures required to manage it.

In order to ensure that all situation of personal conflicts of interest have been identified, the Compliance Department sends annually to all Employees a questionnaire aiming to identify the situation that each Employee could face and that could have an impact on their day-to-day activity at Candriam. This questionnaire must also be completed by new joiners.

The Compliance Department can also discover situations via the whistleblowing channel open to all Employees and business partners.

The Cartography is presented by the Compliance Department to the Board of Management for approval on yearly basis and then made public to all Employees in the Compliance Manual.

The Compliance Department needs to be advised in advance about any potential future nomination at a Board or at any internal or external representation's position for Candriam (Board of a fund, Board of a professional association, ...), to identify inherent conflicts of interest (private and professionals). The concerned Employee (BoM/BoD member included) as well as Human Resources or CSSG Departments that holds this information must inform the Compliance Department about this nomination.

### 3.2. Perceived conflicts of interest

In some situations, there may be no actual or potential conflict, but someone could think there is one and this can have its own consequences. Mismanaged perceived conflicts of interest, even when they do not turn into real conflicts of interest, may undermine the trust and public confidence.

Therefore, Candriam and its Employees must take reasonable steps to avoid situations where it could be perceived that private or business interests are improperly influencing the performance of official duties towards the clients whether or not that is actually the case.

This type of situation can for instance be reported by a client through a complaint or by a third party. When considering whether a perceived conflict of interest exists, the Compliance Department will assess the circumstances from the point of view of a theoretical "reasonable market user". Having carried out such an assessment, the Board of Management of Candriam may decide to take clarification actions, not to act, or to seek external guidance.

### 3.3. Prevention measures

Candriam has put in place a proper set-up of internal rules, organization, monitoring, and control measures taken to prevent the conflicts of interest from actually arising. Candriam also makes sure to maintain proper governance arrangements and Employee's awareness by a continuous training.

To manage these potential conflict-of-interest situations, Candriam has implemented a series of structural (and ad hoc) measures for the processing of specific conflict-of-interest situations.

In particular, the following measures are intended to prevent professional conflicts of interest:



- Sound internal control environment governed by the “Three lines of defense” model which allows independent control functions to challenge the business and provide guidance on the management of the conflicts of interest to Senior Management.
- A clear separation of functions that may be viewed as incompatible with each other or could potentially give rise to conflicts of interest (front office, middle office, permanent control, audit, administration, registrar, custodian).
- Obligations of discretion and confidentiality with respect to any and all information related to clients or Candriam activities.
- Physical and electronic information barriers which are designed to prevent the inappropriate exchange or the misuse of client information and of material, non-public information (restriction on a “need-to-know basis”).
- Investment procedures safeguarding the interests of investors in the investment advising or portfolio management (order and pre allocation principles, best execution, autonomous investment decision-making, cross trade, liquidity risk monitoring, etc.).
- Strict application of the voting policy related to the exercise of the voting rights on behalf of funds or clients when relevant.
- Product governance arrangements assessing potential conflicts of interest during the approval and review process for products and services.
- Vigilant approach to commissions and other non-monetary benefits (“Inducement rules”) offered or received by Candriam.
- Remuneration policy removing any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
- Due skill, care, and diligence in selecting the outsourcing companies and delegation agreements.
- Internal awareness training to ensure Employees are adequately trained on their obligations and on the applicable procedure concerning conflicts of interest management.
- Recording of portfolio transaction information which is sufficient to reconstruct the details of the order and the executed transaction.

In addition, the following measures are intended to prevent personal conflicts of interest:

- When dealing with clients, Employees must act honestly, fairly, and professionally in accordance with the best interests of the clients and in compliance with all applicable legislation (Duty of care).
- Employees must keep business activities separate from personal activities to avoid a conflict or the perception of a conflict and must disclose any relevant outside activities and external mandates.
- Restrictions on personal account dealing of Employees who must disclose all personal transactions in financial instruments covered by the Code of Ethics.
- Principles and restrictions related to the acceptance, or the granting of gifts and entertainments and other benefits related to third parties.
- Remuneration principles aiming to provide an appropriate remuneration environment and to ensure that Employees are not incentivized to take inappropriate and/or excessive risks which are inconsistent with the risk profile of Candriam and, where appropriate, the managed or advised portfolios.

### **3.4. How are conflicts of interest managed?**

Each Head of business unit is responsible for managing the conflict of interest of the perimeter under its responsibility by properly applying the related policies and procedures. The Compliance Department is responsible for monitoring and controlling the implementation, application, and effectiveness of the measures.

Candriam is taking all necessary action to act in the best interest of the investors in case the measures taken in relation to the identified conflicts of interest are not sufficient to guarantee the avoidance of related risks.

Where an actual conflict of interest occurs, the Compliance Department evaluates the situation, informs the Board of Management and proposes the best course of action with a focus of protecting the interests of all concerned clients’ interests.

Ultimately, the Board of Management decides if a situation is acceptable or not and if mitigation actions must be taken or not. In the process, the interests of investors take precedence over those of Candriam and its Employees.



Where there is an actual conflict of interest between investors, the relevant interests and concerns of the investors must be weighed against each other. Where disclosure seems productive in terms of resolving the conflict of interest and there are no legal reasons conflicting with this disclosure, Candriam is permitted to disclose the conflict of interest to the investors involved in order to bring about an amicable resolution.

Where Candriam considers that the conflicts of interest cannot be managed in any other way, Candriam may decline to act for a client.

## 4. Recording of actual conflicts of interest

Each actual conflict of interest identified is recorded in the corresponding register (the “Register”). The Register is maintained by the Compliance Department, in consultation with all relevant business areas of Candriam and is amended whenever required by the circumstances.

The Register shall record at least the following:

- Description of the conflict of interest.
- Identification of the person or units concerned by the conflict of interest.
- Date on which the conflict of interest occurred or was discovered.
- Potential or actual impacts of the conflict of interest.
- Description of the envisaged resolution measures.
- Where appropriate, the arrangements for informing investors.
- When applicable, the date of termination of the situation.

The decision regarding the inclusion in or exclusion from the Register is taken by Global Head of Compliance or his/her delegate.

The Register is:

- Updated when necessary and at least annually.
- Approved by the Board of Management at least on an annual basis.

The Board of Management and the Board of Directors are kept informed of any conflicts of interest during their regular meetings. At least annually, the Board of Management and the Board of Directors of the relevant funds receive a written report on the situations referred to in this policy from the Compliance Department.

As the Register contains highly confidential information (including personal information), it may not be shared externally and internally except to Board Members and to designated Senior Compliance Officers, in charge of managing the Register.

## 5. Disclosure of conflicts of interest

The disclosure of conflicts of interest is a measure of last resort to be used only where arrangements made by Candriam are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented.

In case of disclosure decision taken by the Board of Management, the disclosure must:

- Be made in a durable medium.
- Clearly state that the organisational and administrative arrangements established by Candriam to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.
- Include specific description of the conflicts of interest that arise in the provision of collective investment activities, investment services or ancillary services.
- Explain the risks to the client that arise as a result of the conflicts of interest.
- Include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

The disclosure of conflicts of interest does not exempt Candriam from the obligation to maintain and operate the effective organisation and administrative arrangements.

## 6. Policy update and approval

This Policy will be reviewed and updated by the Compliance Department on a regular basis and at any time if necessary (if Candriam intends to start a new activity for instance). Both the Board of Management and the Board of Directors are required to approve this Policy on a regular basis and after each update.

This Policy is made available to all Candriam Employees and to the public.

## 7. Concluding provisions

The Policy comes into force with immediate effect and is subject to regular review and if indicated by the review, subsequent update.

