



# Conflicts of Interest Policy

# 1. Introduction

## 1.1. Definitions

Term	Description
Candriam	Candriam, société en commandite par actions, its branches and subsidiaries.
Board of Directors	<p>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.</p> <p>Please refer to CSSF Circular 18/698 for further information.</p>
Board of Management	<p>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.</p> <p>Please refer to CSSF Circular 18/698 for further information.</p>
CSSF	The Luxembourg regulator of the financial sector ( <i>Commission de Surveillance du Secteur Financier</i> ).
Policy	<p>“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:</p> <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> <p>Formal statement of a principle that should be followed by its intended audience.</p>
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.
Candriam Mandate	Candriam Employee appointed to fulfill a mandate within an internal committee (Group Strategic Committee, Executive Committee, Board of Management, Board of Directors, Member of the Board of Candriam fund, Board member of NYLIM or other Candriam / New York Life entities, Persons responsible for internal control and other control functions, etc. ) or external committee / organization (external fund, a professional organization, etc.) as a representative of Candriam.
Private Mandate	Candriam Employee appointed to a board, a committee or other body from a non Candriam entity and for private purpose.



## 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.
- 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 conflicts 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.



## 2. Prevention and management system

### 2.1. 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.

### 2.2. 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.

### 2.3. 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.

## 2.4. 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.

### 3. 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.

### 4. 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.



