

## POLICY FOR THE HANDLING OF CONFLICTS OF INTEREST

Defining an effective conflicts of interest policy and preventing and handling conflicts of interest<sup>1</sup> are legal requirements under current regulations.

### I. THE CONFLICTS OF INTEREST COVERED

In accordance with the laws and regulations, Banque et Caisse d'Épargne de l'État, Luxembourg (hereinafter "Spuerkeess") has introduced a system allowing to detect, prevent and handle any conflicts of interest that may arise in connection with Spuerkeess's business relationship with its customers, especially when investment services and activities are performed.

These essentially comprise conflicts of interest in which:

- Spuerkeess might make a financial gain or avoid a financial loss at a customer's expense;
- Spuerkeess has an interest in the outcome of a service provided to a customer or a transaction carried out on behalf of a customer that diverges from the customer's interest;
- Spuerkeess, for financial or other reasons, is prompted to favour the interests of one customer or group of customers over those of a given customer;
- Spuerkeess has the same business activity as a customer;
- Spuerkeess receives a benefit connected with the service provided to a customer, from a person other than the customer, exception made of the commission or fees normally invoiced for this service;
- a member of staff has a private or personal interest that might affect the impartial and objective conducting of his work.

### II. PREVENTION, IDENTIFICATION AND HANDLING

#### a. Prevention: the legal, regulatory and deontological handling of conflicts of interest

This policy applies to:

- all Spuerkeess staff, including its board members,
- Spuerkeess group entities<sup>2</sup>,
- any person contractually bound to Spuerkeess for the provision of services.

Spuerkeess has adopted a policy for the handling of conflicts of interest aimed directly at these three categories of persons. This policy provides for appropriate measures for detecting, preventing and, if necessary, handling any conflicts of interest. Spuerkeess has introduced an appropriate segregation of tasks and activities in order to achieve these aims. A specific internal procedure has been developed for each measure adopted.

Spuerkeess group entities and staff, as well as any persons contractually bound to Spuerkeess, are, in particular, obliged to:

- strictly comply with the legal, regulatory and deontological framework;
- follow the rules and procedures adopted by Spuerkeess;
- not exceed the powers given to them, or break the rules relating to authorised signatures.

<sup>1</sup> Commission Delegated Regulation (EU) 2017/565 of 25 April 2016

<sup>2</sup> The Spuerkeess group entities in question are BCEE Asset Management SA and Spuerkeess Ré SA

## **b. Identification: the conflicts of interest register**

Spuerkeess has developed and regularly updates a register of situations (organisational or linked to a type of service provided by or for Spuerkeess) in which a conflict of interest posing a significant risk of damage to the interests of one or more customers has occurred or, in the case of a current service or activity, might occur.

Spuerkeess's Compliance unit is responsible for this register. For each conflict, the type, description and system introduced for preventing or managing it are described.

## **c. Handling of conflicts of interest**

The conflict of interest handling measures introduced by Spuerkeess include:

- an appropriate segregation of tasks and activities to guarantee a strict separation between operational management and financial intermediation entities;
- physical measures, such as access control systems for Spuerkeess staff and the retaining of documents in secure locations;
- operational measures, such as the double-signature principle;
- a commercial offering based on a large range of investment products;
- the introduction of a code of conduct<sup>3</sup> for Spuerkeess staff governing the possibilities for carrying out secondary activities;
- the continuous raising of the staff's awareness of the applicable procedures and policies and their obligation to report any potential or proven conflicts of interest directly to the Compliance unit or by using the whistleblowing system<sup>4</sup>.

Spuerkeess's staff are instructed to abstain from making any decisions about a subcontractor or a related party in which they have a direct or indirect financial, professional or personal interest; Spuerkeess's policy on the assigning and remuneration of its staff also provides for compliance with the rules for preventing potential conflicts of interests due to family relationships between members of staff, or members of staff and customers/suppliers.

Potential or proven conflicts of interest arising because members of the governing bodies hold an office in another company will be managed pursuant to the provisions of the internal regulations of the Bank's governing bodies.

## **III. COMMUNICATION**

If a conflict of interest arises despite all the measures in place, the Bank undertakes to inform the customer or the counterparty in question, in writing within a reasonable time, so that they can object to the continuing of the relevant transaction/service delivery. Spuerkeess has also introduced a complaint management policy that allows customers to contact Spuerkeess in case of any doubts about non-compliance with the policy for the handling of conflicts of interest.

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<sup>3</sup> The purpose of the Spuerkeess staff code of conduct is to specify the rules of professional and personal ethics applicable to Spuerkeess staff and to staff asked to provide a temporary service to Spuerkeess as long as this has been provided for in the contract on which this collaboration is based.

<sup>4</sup> The regulations applicable to banks require the implementation of a formally structured internal whistleblowing system so that certain problems or instances of negligence can be reported.