

## CONFLICT OF INTEREST CHARTER

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In order to comply with its legal and regulatory obligations, Banque Internationale à Luxembourg S.A. (hereinafter “BIL” or “the Bank”) has established a Conflict of Interest Charter, the aim of which is to ensure that BIL and its Staff Members (including authorised management and Board members) comply with good professional practice and conduct business in an honest, loyal and professional manner, in the best interest of clients and of the Bank.

The Charter details the following:

- The definition of a conflict of interest and the different situations where a conflict of interest may arise;
- The roles and responsibilities of the different stakeholders in the identification, assessment, management, mitigation, monitoring and reporting of conflicts of interest;
- The main sources of conflict of interest with reference to specific service offer and activities of the Bank;
- The main procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

The present document discloses a summary of the Charter.

### Definition of a conflict of interest

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A conflict of interest might arise during the normal course of business as a result of the interaction between BIL, members of its Management Bodies, its Staff Members and its clients and/or third party sub-contractors, where there is a risk that the interest of one is or could be impaired or influenced by a secondary interest.

Conflicts of interest may be actual, potential (i.e. reasonably foreseeable) or perceived (i.e. by the public).

When considering potential conflict of interests, BIL should take into account at least the following situations, factors and/or relationships:

- economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the institution to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests);
- financial or other incentive to favor one's own interests to the potential detriment to the interest of another's;
- personal or professional relationships with the owners of qualifying holdings in the institution;
- personal or professional relationships with staff of the institution or entities included within the scope of prudential consolidation (e.g. family relationships);
- other employment and previous employment 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); and
- political influence or political relationships.

### Situations that may give rise to conflicts of interest

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In order to identify any type of conflict of interest that arise and whose existence may harm the interests of a client, BIL shall take into account, by way of minimum criteria, any of the following situations where the Bank or a Staff Member:

- is likely to make a financial gain or avoid a loss at a client's expense.
- 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.
- has a financial or other incentive to favor the interests of one client or group of clients over the interests of

another client or group of clients.

- carries on the same business as the client.
- BIL receives or will receive from a person other than the client a benefit in relation to a service provided to the client, in the form of services or monetary or non-monetary benefits or services.

The sources of conflict of interest must be identified within each line of services of the Bank and within each department /line of services during their different processes.

In the identification process, the Bank considers conflicts of interest relevant to the activities including those arising between:

- the Bank and one or more Clients;
- a Staff Member incl. closest family members and a Client or the Bank;
- a Related Party and a Client or the Bank;
- a Third-Party Sub-contractor and a Client or the Bank;
- two or more Clients in the context of the provision of services by the Bank to those Clients;
- individual units of the Bank;
- individual Staff Member of the Bank incl. closest family members;
- BIL Group Entities.

### **Main measures in place to mitigate and/or prevent Conflicts of interest**

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BIL may use a number of means (which may be used individually or in combination) to manage a conflict of interest including:

- organizational arrangements, systems, controls, policies and procedures designed to prevent the conflict of interest from arising or to mitigate the associated risk of a negative impact to clients;
- disclosure designed to inform the affected clients of the conflict of interest and its likely impact on them when cannot be avoided or sufficiently mitigated by organisational and administrative arrangements implemented ; or
- avoiding the service or activity giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

As example, BIL has implemented when applicable and necessary depending the regulatory framework and the services offered, the following to manage and/or prevent Conflicts of interest (non-exhaustive list):

- an appropriate segregation of duties between the different activities offered and/or between the different roles and responsibilities of a Staff Member (incl. the Management Bodies);
- a management of information access and information barriers (Chinese Walls) between entities and between line of services;
- an appropriate set of policies and procedures in order to create a framework on mitigating and/or preventing the Conflict of interest in the different line of services.

### **Conflict of interest register**

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This Charter introduces the principle of maintaining an updated record of the situations where conflicts of interest may arise or have arisen and how each identified situation has been addressed.

The Compliance Function is responsible for updating the register anytime a new situation of conflicts of interest has been detected and analysed in close collaboration with the concerned heads of support/business divisions.

Each Conflict of interest must be duly categorised as actual, potential or perceived.

## Fundamental values of BIL's Conflict of Interest Charter

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The Conflict of Interest Charter implemented by BIL is based on five fundamental values:

- Integrity: BIL acts with integrity in its professional and commercial relations. Services and transactions must not be tainted by personal interests or influenced by the interests of other parties.
- Objectivity: BIL does its utmost to be objective in its professional and commercial judgements.
- Competence: BIL only takes on tasks if it has the competence required to complete them successfully.
- Fairness: BIL takes into account the interests of its clients and treats them fairly.
- Transparency: BIL always takes its clients' interests into account and deals with them transparently. If applicable, it informs them of the existence of conflicts of interest.