

# CONFLICTS OF INTEREST MANAGEMENT POLICY

# CA INDOSUEZ (SWITZERLAND) SA

## CONFLICTS OF INTERESTS MANAGEMENT POLICY

This document is intended to inform the clients of CA Indosuez (SWITZERLAND) SA and its subsidiaries and branches (hereafter referred to as the "Bank") about its policy in terms of the conflicts of interests that may arise when offering financial services.

### 1. INTRODUCTION

This document aims to:

- Define conflicts of interest;
- Identify potential conflicts of interest;
- Describe the system in place to prevent and identify conflicts of interest;
- Set out the Bank's approach to managing and recording conflicts of interest.

### 2. REGULATORY FRAMEWORK

The Bank's conflicts of interest policy complies with:

- the Federal Act on Financial Services (FinSA) entered into force on January 1st, 2020, which stipulates that "*Financial service providers shall take appropriate organisational measures to prevent conflicts of interest that could arise through the provision of financial services or any disadvantages for clients as a result of conflicts of interest*" (Art. 25 FinSA);
- the Ordinance on Financial Services (FinSO).

### 3. POTENTIAL CONFLICTS OF INTEREST

Conflicts of interest within the meaning of the FinSA are deemed to exist in particular if the financial service provider:

- in breach of the principle of good faith and to the detriment of clients, can achieve a financial advantage for themselves or avoid a financial loss;
- has an interest in the outcome of a financial service provided for clients, which is inconsistent with the clients' interest;
- in the provision of financial services, has a financial or other incentive to place the interests of specific clients above those of other clients;
- in breach of the principle of good faith, accepts from a third party with regard to a financial service provided for the client an incentive in the form of financial or non-financial advantages or services.

In these cases, the Bank must draft, implement and maintain in working order an effective conflicts of interest management policy.

### 4. IDENTIFICATION OF CONFLICTS OF INTEREST

The Bank is required to identify the conflicts of interest that could arise. To do this, the Bank has drawn up a list of situations that could give rise to such conflicts. Besides, it has set up an organisational structure and internal procedures and controls intended to identify and manage conflicts of interest. It has provided staff training through the publication of its Code of Conduct and corresponding presentations.

To minimise potential conflicts of interest, the Bank has also implemented an appropriate segregation of duties and activities.

The Compliance Department pays close attention to identifying potential conflicts of interest, in particular through its participation in the various Committees that govern the Bank's operations.

Within the framework of the internal policies and to comply with the FinSA requirements, Members of the Board of Directors and Senior Managers of the Bank must disclose without delay to the Compliance Department and if required to the General Management and/or the Board of directors, all the public or private offices they hold and explain why they believe they are not concerned by a conflict of interest in connection with their duties with the Bank. They must refrain from participating in any decision, which might cause them a conflict of interest or prevent them from deciding objectively and independently.

Members of the Board of Directors and General Management must disclose all the public and/or private offices they hold and explain why they believe they are not concerned by a conflict of interest in connection with their duties with the Bank.

Similarly, particular attention is paid to relations with related parties, i.e. legal entities that are part of Crédit Agricole Group and the employees, shareholders, senior managers and members of the Board of Directors of these entities.

## 5. MANAGEMENT OF CONFLICTS OF INTEREST

In order to prevent conflicts of interest pursuant to FinSA, the bank has taken the following risk-adequate precautions appropriated to its size, complexity and legal form as well as to the financial services provided by it:

- measures to identify conflicts of interest;
- necessary measures to prevent the exchange of information insofar as it could be contrary to the interest of clients, i.e. an exchange between staff whose activities could result in a conflict of interest; if the exchange cannot be prevented, the Bank shall monitor it;
- functional separation of the organisation and management of staff insofar as their main activities could cause a conflict of interest among clients or between clients' interests and those of the Bank;
- necessary measures to prevent staff involved simultaneously or in immediate succession in different financial services from being assigned tasks which could be detrimental to a proper handling of conflicts of interest;
- establishment of a remuneration system, helping to avoid incentives for staff to disregard statutory duties or to conduct themselves in a manner detrimental to clients, in such a way that:
  1. variable remuneration elements do not diminish the quality of the financial service rendered to clients;
  2. there can be no mutual direct relationship between remuneration levels if a conflict of interest might arise between the activities of business units.
- issuing of internal directives which facilitate identification of conflicts of interest between clients and staff and contain measures to prevent or resolve such conflicts. The Bank reviews these directives regularly;
- issuing of rules for the acquisition and disposal of financial instruments for own account by staff.

As a general rule, the management of conflicts of interest must follow the basic principle that client interests take precedence over those of the Bank or persons linked to it.

If there is a conflict between two clients, the Bank must apply the principle of proportionality and, if appropriate, the principle whereby client interests take precedence will apply to the client with whom it has the longest standing commitment.

The Bank's Compliance Department is responsible for ensuring that these principles are observed. It is in charge of a department specialised in this type of issue and should be consulted as soon as a conflict of interest arises.

The management of conflicts of interest can be summarised as follows:

1. The staff member concerned must report the conflict of interest to his or her line manager and to the Chief Compliance Officer, who will notify Senior Management if necessary;
2. The Chief Compliance Officer will suggest a solution to resolve the conflict in line with the principles set out above. The solution must at least include:
  - The removal of the conflict of interest by choosing the solution in the client's best interests;
  - Abstention if the previous solution is not possible;
  - Disclosure to the client, as a last resort.

The Chief Compliance Officer must then:

- Recommend corrective measures to ensure that similar conflicts of interest are avoided wherever possible;
- Record the conflict in a special register.

With the policy set out above, CA Indosuez (Switzerland) SA wishes to inform its clients of the possibility that a conflict of interest could arise. It also provides them with the opportunity to refer to a specialised function within the Bank whose role is to ensure the application of basic compliance principles

# I. POTENTIAL CONFLICTS OF INTEREST BETWEEN THE BANK AND ITS CLIENTS

| POTENTIAL CONFLICTS OF INTEREST   | MEASURES TAKEN BY THE BANK   |
|---|--|
| <b>1. ROLE AS DEPOSITARY BANK</b>   |  |
| Setting the deposit interest rate   | <ul style="list-style-type: none"> <li>All term deposits with the Bank are paid interest at current market rates.</li> </ul>   |
| Pricing transparency  | <ul style="list-style-type: none"> <li>Clients are informed of fees and charges when they open their bank accounts and once a year and in documents available on display stands in the Bank's offices.</li> </ul>  |
| Calculation of interest: determining "value days"   | <ul style="list-style-type: none"> <li>The "value days" applied to transactions correspond to generally accepted standards and are mentioned in the fee and charges available on display stands in the Bank's branches. They are based on the time needed to record transactions.</li> </ul>   |
| <b>2. STOCK TRANSACTIONS AND OTHER MARKET</b>   |  |
| Price manipulation in the Bank's or the Group's favour                                    | <ul style="list-style-type: none"> <li>The Bank does not perform proprietary trading on the financial markets.</li> </ul>  |
| Inducements paid to the Bank by brokers   | <ul style="list-style-type: none"> <li>The Bank has a Trading Desk set up as a cost centre, meaning it is not incentivised by the return on transactions.</li> <li>The Trading Desk independently selects the brokers it uses from a list of brokers approved by the Bank and the Group based on technical criteria including expertise, efficiency, specialisation and best execution.</li> <li>The Permanent Control department verifies that all the brokers used duly feature on the approved list.</li> </ul> |
| Securities lending transactions   | <ul style="list-style-type: none"> <li>Securities lending transactions are only performed with clients' express approval requiring the signature of specific documents. The Permanent Control department verifies that these documents are duly signed.</li> </ul>   |
| Equal treatment between clients   | <ul style="list-style-type: none"> <li>The Bank applies an investment strategy management principle that eliminates the risk of unfair treatment within the same strategy. Checks are regularly performed to ensure this principle is followed.</li> </ul>   |
| Portfolio rotation  | <ul style="list-style-type: none"> <li>Management prioritises the search for portfolio performance in relation to the return on assets.</li> <li>The Bank's Portfolio Guardian department's duties include monitoring the turnover rate of discretionary management portfolios.</li> </ul>   |
| Allocation of illiquid securities   | <ul style="list-style-type: none"> <li>The Bank has no securities underwriting activities so this situation cannot arise.</li> </ul>   |
| Transparency in stock market transactions   | <ul style="list-style-type: none"> <li>All stock market transactions performed in respect of discretionary portfolio management mandates are documented and can be notified to the client on request.</li> </ul>   |
| Presentation of performance   | <ul style="list-style-type: none"> <li>The Bank presents its performance in relation to selected benchmarks over time; clients are informed of the benchmarks used before investing.</li> </ul>  |
| <b>3. OFFERING OF FINANCIAL INSTRUMENTS (STRUCTURED PRODUCTS, AUTHORISED FUNDS, etc.)</b> |  |
| Offering of financial instruments in general  | <ul style="list-style-type: none"> <li>Any offering of financial instruments is subject to: <ul style="list-style-type: none"> <li>Official selection by the Bank's specialised committees,</li> <li>Authorisation by the Legal and Compliance departments.</li> </ul> </li> <li>Investments shall be integrated within each client's investment strategy.</li> </ul>  |

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|---|--|
| Offering of financial instruments of Groupe Crédit Agricole                                 | <ul style="list-style-type: none"> <li>▪ Any decision to prioritise these products is justified by the following objective considerations, which aim to provide better investor protection:               <ul style="list-style-type: none"> <li>- Better information,</li> <li>- Better monitoring,</li> <li>- Security derived from the Group's solidity and reputation.</li> </ul> </li> </ul>  |
| Particular case of structured products issued by the Groupe Crédit Agricole                 | <ul style="list-style-type: none"> <li>▪ Structured products issued by the Groupe Crédit Agricole are validated by the Legal and Compliance Departments. The Banks does not offer such products without a specific client's request.</li> </ul>  |
| Inducement paid to the Bank by third parties  | <ul style="list-style-type: none"> <li>▪ The negotiation of inducements is done independently from the commercial activity and the account managers are not informed about it.</li> <li>▪ Advices and investment recommendations are not influenced by the received inducements ; The Bank always acts in the best interests of its clients, which are informed about those inducements (cf General Conditions of the Bank - Article 7.13.2 "Compensation received by the Bank" and the document entitled "Additional information on compensation and other proceeds or benefits that may be received or paid by the bank - ITRT").</li> </ul> |
| <b>4. CREDIT TRANSACTIONS</b>   |  |
| Setting of margins required by the Bank   | <ul style="list-style-type: none"> <li>▪ The Bank's principle is to apply the margins practised in the market, adjusted for the risk incurred and the liquidity cost incurred by the operation.</li> <li>▪ The risk is measured using objective criteria which enable to determine the committed capital in the operation. Among others, those criteria take the following points into account:               <ul style="list-style-type: none"> <li>- Transaction rating,</li> <li>- Counterparty rating,</li> <li>- Quality of provided securities.</li> </ul> </li> </ul>   |
| Pricing transparency  | <ul style="list-style-type: none"> <li>▪ The client is informed of the interest rates applied and any administrative fees before signing the loan agreements. This information is provided in detail in account statements.</li> </ul>   |
| Overdraft authorised on an account for a client who has a credit balance on another account | <ul style="list-style-type: none"> <li>▪ The Bank informs the client of this type of situation and the corresponding cost.</li> </ul>  |
| Calculation of lending values for the granting of loans                                     | <ul style="list-style-type: none"> <li>▪ Pledging collateral takes part in the prudent management of the Bank in the best interests of its clients.</li> </ul>   |
| <b>5. WEALTH ENGINEERING</b>  |  |
| Complex and costly solutions  | <ul style="list-style-type: none"> <li>▪ The solutions proposed by the Wealth Structuring teams are approved by a specialised committee before being implemented, in particular to ensure clients' interests take precedence. This committee ensures proportionality between the solutions put forward and the investment objective.</li> </ul>  |

## II. POTENTIAL CONFLICTS OF INTEREST BETWEEN THE BANK'S STAFF AND ITS CLIENTS

| POTENTIAL CONFLICTS OF INTEREST  | MEASURES TAKEN BY THE BANK  |
|--|---|
| <b>1. STOCK MARKET TRANSACTIONS</b>  |   |
| Post-trade allocation of bunched orders (risk of confusion between client transactions and staff transactions) | <ul style="list-style-type: none"> <li>▪ The Bank's procedures prohibit post-trade allocations.</li> <li>▪ Save exemptions, the Bank does not hold Staff members' securities accounts in its books.</li> <li>▪ Client advisers must not manage the accounts of members of their family.</li> </ul>  |
| Choice of brokers  | <ul style="list-style-type: none"> <li>▪ The Bank's procedures set out strict rules governing relations between staff members and external counterparties, in particular covering gifts, travel and other benefits.</li> <li>▪ The Bank's Compliance department is responsible for ensuring these rules are fully observed.</li> </ul>                              |
| Insider information and market manipulation  | <ul style="list-style-type: none"> <li>▪ Pursuant to the Financial Market Infrastructure Act (FinMIA) and the FINMA Circular on Market Conduct Rules, internal directives and procedures strictly prohibit staff members from using insider information and from manipulating price movements for their own interests or those of third parties.</li> </ul>         |
| <b>2. DISCRETIONARY MANAGEMENT</b>   |   |
| Portfolio rotation   | <ul style="list-style-type: none"> <li>▪ The variable pay incentives paid to discretionary portfolio management staff are in no way linked to portfolio rotation.</li> <li>▪ The Bank's Portfolio Guardian department's duties include monitoring the turnover rate of discretionary management portfolios.</li> </ul>  |
| <b>3. OFFERING OF FINANCIAL INSTRUMENTS</b>  |   |
| Suitability of products in terms of the client's strategy  | <ul style="list-style-type: none"> <li>▪ Client advisers receive training on product suitability in terms of clients' investment strategies.</li> <li>▪ The Bank's directives require product suitability.</li> <li>▪ The Permanent Control department regularly verifies portfolios to ensure that client investment strategies are correctly followed.</li> </ul> |
| <b>4. HANDLING OF COMPLAINTS</b>   |   |
| Handling client complaints   | <ul style="list-style-type: none"> <li>▪ The Internal Rules require that mail be opened by a specific, independent department. Besides Complaints are managed by a specialised team, which reports to the Bank's Executive Management.</li> </ul>   |

### III. POTENTIAL CONFLICTS OF INTEREST BETWEEN CLIENTS

| POTENTIAL CONFLICTS OF INTEREST                                  | MEASURES TAKEN BY THE BANK  |
|--|---|
| 1. STOCK MARKET TRANSACTIONS                                     |   |
| Equal treatment (issuance of shares, IPO, etc.)                  | <ul style="list-style-type: none"><li>▪ The Bank's procedures require that the allocation of assets be proportionate to orders received within the limit of available assets.</li><li>▪ The Bank's procedures require that stock market orders be executed in the order they are received.</li></ul>  |
| Post-allocation of bunched orders                                | <ul style="list-style-type: none"><li>▪ The Bank's procedures prohibit post-trade allocations. If bunched orders are used, allocations must be determined before execution.</li></ul>   |
| Price manipulation in the interest of a client or client company | <ul style="list-style-type: none"><li>▪ Pursuant to the Financial Market Infrastructure Act (FinMIA) and the FINMA Circular on Market Conduct Rules, internal directives and procedures strictly prohibit staff members from using insider information and from manipulating price movements for their own interests or those of third parties.</li></ul> |

### IV. POTENTIAL CONFLICTS OF INTEREST BETWEEN THE BANK AND ITS STAFF MEMBERS

| POTENTIAL CONFLICTS OF INTEREST                               | MEASURES TAKEN BY THE BANK   |
|---|--|
| 1. STOCK MARKET TRANSACTIONS                                  |  |
| Equal treatment between staff members'                        | <ul style="list-style-type: none"><li>▪ The Bank does not hold securities account of its staff members, save exemption. Besides sensitive personal staff members's transactions are monitored.</li><li>▪ Account managers are not allowed to manage family accounts.</li></ul> |
| Unfair treatment between clients to the detriment of the Bank | <ul style="list-style-type: none"><li>▪ The Bank's procedures and the Code of Conduct require strict behavior when dealing with third parties, for instance, concerning gifts received/given and mandates.</li></ul>   |

